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864

SURVEY of Current Affairs

Government and Administration

Prorogation and Opening of Parliament 379
By-elections and State of the Parties 382
Government Changes 383
Devolution Referendums 383

External Affairs and Defence

Disarmament: Britain's Views 384
European Community 387
Southern Africa: Rhodesia 389; British Support for Zambia 391; Namibia 391
Shorter Notes 393
Commonwealth of Dominica

Economic and Scientific Affairs

The Economy: Debate on the Queen's Speech 394; Counter-Inflation Policy 396
International Monetary Fund 397
World Bank Group 400
Offshore Oil and Gas and the British Economy 402
European Airbus 404
British Construction Overseas 404
Shorter Notes 407
Nobel Prize for Chemistry

Documentation 409

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GOVERNMENT AND ADMINISTRATION

Prorogation and Opening of Parliament

THE QUEEN'S PROROGATION SPEECH

The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor, Lord Elwyn-Jones, on 24 October, and read to members of the House of Commons by the Speaker.[1]

The text of the speech, with references to *Survey of Current Affairs* coverage in parentheses, is as follows:

My Lords and Members of the House of Commons:

It was with great pleasure that My Husband and I received the State Visit of the President of the Socialist Republic of Romania and Madame Ceausescu in June of this year (see pp 256-7). *We also look back with much pleasure on our visits to the Federal Republic of Germany* (see pp 199-200) *and Berlin in May, and to Canada in July and August where I opened the 11th Commonwealth Games at Edmonton.*

My Government welcomed the independence of the Solomon Islands (see p 258) *and Tuvalu* (see p 341) *and their decision to join the Commonwealth.*

Agreement has been reached with the Government of Brunei to replace the 1959 Anglo-Brunei Agreement, as amended in 1971, by a new Treaty under which Brunei will assume its full international responsibility as a sovereign and independent state at the end of 1983 (see pp 292-3).

My Government played an active and constructive part in the work of the European Communities and in European political co-operation. There were three meetings of the European Council (see pp 7-8, 149-50, 281-3). *An Act was passed to provide for the election of United Kingdom members of the European Assembly, and the first direct elections to the Assembly, in the United Kingdom and in other Community countries, will take place in June 1979* (see p 247).

The United Kingdom has also played a full and positive part in the dialogue with the developing world (see pp 223-4) *and in international discussions designed to lift the world out of economic recession, notably the Summit Meeting in Bonn in July of the leaders of the seven major industrialised countries* (see pp 294-6). *My Government have taken action to relieve 17 of the poorest developing countries of the burden of their outstanding aid loan repayments* (see p 304), *and have substantially increased their programme of aid directed towards the poorest countries of the third world* (see p 223).

My Government regard the achievement of a peaceful and constructive relationship with the Soviet Union and the countries of Eastern Europe as a matter of great importance for international stability (see pp 204-5). *With other members of the North Atlantic Alliance they have taken a leading part in discussions relating to the Conference on Security and Co-operation in Europe* (see pp 115-17), *and have worked towards agreement on mutual and balanced reductions in the forces in central Europe* (see p 250). *In the Conference of the Committee on Disarmament and elsewhere they have sought to achieve disarmament agreements which promote international security. They played a constructive part in the United Nations Special Session on Disarmament* (see pp 201-4, 286-8).

At the same time, My Government recognise that it remains necessary to maintain an adequate level of defence. They have played a full part in measures designed to strengthen the North Atlantic Alliance (see pp 246-53).

They have constantly striven to bring about a satisfactory settlement in Rhodesia, through negotiations involving all the parties (see pp 346-50).

The United Kingdom has played a full and active part in the work of the United Nations (see pp 342-4).

My Government have played a positive role in the search for a settlement in Namibia that will meet with international acceptance. They will continue to work for the implementation of the Proposal for a settlement drawn up by the Five Western members of the Security Council which has received the support of the international community (see pp 350-2). *My Government have continued their efforts to promote a negotiated peace in the Middle East, acceptable to all the parties* (see pp 352-5). . . .

My Government have continued, with general support, to give high priority to the reduction of inflation. They have achieved their immediate objective of single-figure inflation, and a guideline has been announced for the growth of earnings in the current pay round (see pp 296-7). *Legislation has been passed to extend statutory control of dividends for a further 12 months* (see p 276).

[1] *Hansard*, 24.10.78, cols 1048-54.

Measures were introduced to maintain firm control of monetary conditions and to expand output and employment (see pp 426-9, 1977, 52-6, 159-69, 214). *A wide-ranging programme of employment and training measures has been maintained in operation, designed to assist those who have suffered because of the high level of unemployment during the present recession, and to prepare for economic recovery* (see pp 20-1, 68, 135-6).

My Ministers have continued to give full support to the tripartite industrial strategy (see pp 59-60, 371) *in their efforts to improve the international competitiveness of British manufacturing industry. Special attention has been given to developments in new technology and schemes of support have been introduced for microelectronics manufacture and for the application of microprocessors in industry* (see pp 262-4, 304-5, 374).

A White Paper has been issued on industrial democracy (see pp 217-19), *and nationalised industries have been invited to put forward schemes for extending industrial democracy within their areas of responsibility* (see p 173). *Employees are now represented on the boards of the Post Office* (see p 353, 1977) *and the British Steel Corporation.*

Legislation has been passed providing for the establishment of directly elected Assemblies with wide ranging responsibilities for the domestic affairs of Scotland and Wales, while retaining the essential unity of the United Kingdom (see pp 452-7, 1977 and pp 39, 319).

In Northern Ireland the community has again demonstrated its determination to reject violence, and progress continues to be made towards stability. My Government have taken steps to stimulate discussion of a possible basis for an interim stage of devolved government (see pp 456-7, 1977 and pp 240-1). *An Act has been passed to reorganise the administration of the courts* (see p 277). *Some major industrial projects have been attracted to the Province* (see p 240).

An Act has been passed to bring the United Kingdom's civil nuclear facilities within the safeguards of the International Atomic Energy Agency, and to provide for compensation in respect of the early ordering of the second stage of Drax power station (see p 277). *My Government have announced their decision on the reactor systems which will form the basis of our continuing nuclear power programme* (see p 70).

Opportunities have continued to be provided for the orderly exploration and development of our offshore oil and gas resources (see p 300). *My Government are concerned to ensure that, in the development of energy policy, environmental considerations are given full weight. To this end a standing Commission on Energy and the Environment has been established* (see p 139).

After a full public inquiry, and debate in Parliament, outline planning permission for the construction for an oxide fuel reprocessing plant at Windscale was granted by means of a Special Development Order (see pp 98-100, 180-2, 228).

Important steps have been taken to save energy in industry, commerce and the public and domestic sectors (see pp 21-2, 265). *An Act was passed to extend assistance to loft insulation for private dwellings* (see pp 221, 277).

My Government have entered into a Planning Agreement with the National Coal Board on the development of the coal industry.

Greater account has been taken of the needs of the consumer in the application of the Common Agricultural Policy. Negotiations have continued for the revision of the common fisheries policy and measures have been taken to conserve fish stocks.

An Act has been passed to transfer the cost of aviation security from the Exchequer to the industry, and to clarify and extend the powers of aerodrome authorities to deal with aircraft noise (see p 147).

An Act has been passed to secure the co-ordinated planning of public transport and the improvement of services to meet social needs and to reconstruct the finances of the National Freight Corporation (see p 278). *The aims and methods of the trunk road programme in England have been reviewed and arrangements have been announced for widening the range of information available about trunk road proposals and for establishing the fairness of public inquiries into them* (see pp 182-3).

Provision has been made for increases in retirement and war pensions, for a substantial increase in child benefit (see pp 184-6), *and for an extension of the scheme to provide help with fuel bills for those on low incomes. An Act has been passed to provide for payments from public funds to redundant workers in the shipbuilding industry* (see p 277).

Legislation has been passed to provide financial help to those saving to buy their first home, and to give additional support to the work of housing associations. An Act has been passed to establish a Co-operative Development Agency to promote the principles and further the interests of the co-operative movements (see p 276).

My Government have established partnerships with selected local authorities to tackle the serious problems of inner city areas. Additional resources have been provided under the Urban Programme, and legislation has been enacted to enable selected local authorities to help local industry and commerce and to improve the environment (see pp 102-4, 372).

My Government have taken action to strengthen law enforcement in the community. Their decision to implement the recommendations of the Edmund-Davies Committee has laid a sound basis for increasing the strength of the police service.

Legislation has been passed providing for changes in the composition of the General Medical Council and giving it new powers for the maintenance and improvement of standards of medical practice (see p 231).

Provision has been made for increased resources for the National Health Service, including the opening of new hospitals, improved community services and the expansion of medical and nursing staff (see p 163).

My Government have presented a White Paper on a single system of secondary school examinations in England and Wales to replace GCE O level and CSE and have committed themselves in principle to a statutory system of awards for those aged 16-18 (see p 231). *They have introduced a scholarship scheme in association with industry to encourage more very able young people to seek*

careers in the production of the country's wealth (see p 371), *and have initiated a study of ways of increasing the numbers of young people who receive vocational preparation in employment.*

The report of the Committee of Inquiry into the Education of Handicapped Children has been received, and widespread consultations about it have begun (see p 231). *My Government have announced their broad agreement with the report of the Committee on the Management of Higher Education in the Maintained Sector* (see p 143).

Legislation has been passed to reform family law in magistrates' courts so as to help the parties to a marriage and their children during a period of marital breakdown (see p 276).

Acts have been passed to reform public sector housing subsidies in Scotland and to enable Scottish Courts to require offenders to undertake unpaid work for the community.

Proposals were laid before you for legislation to reform section 2 of the Official Secrets Act 1911 (see pp 278-9).

An Act was passed to enable the United Kingdom to ratify without reservation the European Convention on the Suppression of Terrorism and so make a further contribution to international co-operation in that field (see p 278).

An Act has been passed to reform the law governing the immunity of other states and heads of state in legal proceedings in the United Kingdom, and to enable the United Kingdom to ratify the European Convention on State Immunity (see p 277).

My Government have made further progress with the reform of the law in other fields . . . .

OPENING OF PARLIAMENT

The Queen's speech on the opening of the new session of Parliament – the fifth session of the forty-seventh Parliament of the United Kingdom – was delivered by the Queen in the House of Lords on 1 November to members of both Houses.[1]

The text of the speech, which outlines the Government's policies for the coming session, was as follows:

My Lords and Members of the House of Commons:

I look forward with great pleasure to receiving the President of Portugal and Senhora Ramalho Eanes on a State Visit in November, to visiting the countries of Eastern Arabia and Iran during February and March 1979, and to paying a State Visit to Denmark in May. I hope to be present in Lusaka on the occasion of the Commonwealth Heads of Government meeting.

My Government will continue to safeguard the nation's security and make a full contribution to the North Atlantic Alliance and the improvement of the Alliance's defence: they will continue to search for ways of developing constructive relations with the Soviet Union and the countries of Eastern Europe; and they will seek the fulfilment of all the provisions of the Final Act of the Conference on Security and Co-operation in Europe by all the signatory States.

Negotiations with the United States and the Soviet Union on a comprehensive nuclear test ban will be continued and My Government will work for more substantial progress on mutual and balanced force reductions in Central Europe.

My Government will continue to play a full and constructive part in the development and enlargement of the European Economic Community.

My Government reaffirm their commitment to the United Nations and their support for its peace-keeping role. They will work for a fair settlement in Cyprus and will support all endeavours to ensure a just and lasting peace in the Middle East.

My Government will make every effort with the United Nations to achieve peace and justice in Southern Africa. In Rhodesia, they will continue to strive, with the United States, to achieve a cease-fire and a negotiated settlement, involving all the parties, which will be acceptable to the people of Rhodesia as a whole. In Namibia, they will maintain their effort to secure free and fair elections and independence in 1979, under United Nations auspices.

My Government will continue to play an active part in the development and strengthening of the Commonwealth. They will make every effort to promote successful co-operation between industrialised and developing countries for the benefit of both. They will maintain an effective and increasing programme of assistance to developing countries, and in particular will direct help towards the needs of the poorest peoples of the world . . . .

My Government's economic policies will continue to be directed to overcoming the evils of inflation and unemployment, the two most serious social problems facing the nation today, and to sustaining the growth of output which is now under way. They will pursue every available means of moving to full employment. They will continue to play a leading part, with our international partners, in seeking an end to the worldwide recession. Building on the stronger domestic economy now established and using the benefits of North Sea oil further to improve long-term recovery, they will vigorously pursue their policies designed to promote the success of industry and to increase productivity. In all these matters My Ministers will co-operate closely with the Trades Union Congress and the Confederation of British Industry.

New ways will be sought to help small businesses. Special encouragement will be given to the education and training of young people and others to safeguard and increase the supply of skilled manpower. Legislation will be introduced to provide additional finance for the National Enterprise Board and for the Scottish and Welsh Development Agencies. Following continued consultations with industry, legislation will be introduced to improve arrangements for compensation of workers on short-time, and to reduce redundancies at times of high unemployment by encouraging the alternative of short-time working.

Social justice and racial tolerance will be promoted through My Government's social policies.

[1] *Hansard* (HL), 1.11.78, cols 1-6.

The partnership between the Government and the local authorities in inner city areas will be pressed forward. A Bill will be introduced to improve the funding of schemes designed to help ethnic minority groups.

My Government will seek to ensure that respect for the law is maintained, and will give full support to strengthening the Police Service. Every effort will be made to recruit the aid of the whole community to defeat crime and vandalism.

In Northern Ireland My Government will maintain their efforts to establish a form of devolved government acceptable to all sections of the community and to ensure that those responsible for violence are brought to account before the courts. My Ministers will work energetically to improve living standards and increase opportunities for employment. A Bill will be introduced to increase the representation of Northern Ireland in the House of Commons, in accordance with the recommendations of the Speaker's Conference.

My Government are resolved to strengthen our democracy by providing new opportunities for citizens to take part in the decisions that affect their lives. A number of the following measures include provisions for that purpose.

Draft Orders will be laid early in the Session to provide for the referenda on devolution to Scottish and Welsh Assemblies, to be held when the new electoral registers are available.

Following further consultation on the proposals in the White Paper on industrial democracy, legislation will be introduced to ensure that employees and unions are able to participate in discussions of corporate strategy and to provide in due course for employee representation on company boards.

The proposals set out in the White Paper on Broadcasting will be pursued with a view to legislation on changes in the constitution, structure and organisation of broadcasting, including improved arrangements for the views of listeners and viewers to be heard and taken into account.

Further proposals will be brought forward to achieve more open government. It remains My Government's intention to replace section 2 of the Official Secrets Act 1911 with a measure better suited to present day conditions. My Government will continue to make information on public policy more readily available.

My Government will bring forward proposals to amend the Local Government Act 1972 in order to secure the better functioning of local democracy in a number of the large towns and cities in England. A Bill will be introduced to strengthen the consumer voice in relation to nationalised industries.

Legislation will be introduced to improve the law on education in England and Wales and to enable grants to be made in Wales towards the cost of bi-lingual education. A Bill on housing will include provisions for a new charter of rights for public sector tenants, a new scheme for subsidies in the public sector, more flexible arrangements for the charging of interest on local authority mortgages, and further assistance towards the improvement and repair of existing homes.

Bills will be introduced to improve safety and discipline at sea, to help to control marine pollution, and to amend other aspects of Merchant Shipping legislation, and also to strengthen the enforcement powers necessary for the safety of offshore oil and gas installations.

My Government remain committed to the establishment of a Public Lending Right for authors, and will introduce a Bill for this purpose as soon as possible.

My Government will continue to press for improvements in the Common Agricultural Policy and to promote an expansion of food production in the United Kingdom and its efficient processing and distribution. They will also take all measures necessary to conserve fish stocks and will continue their efforts to achieve an acceptable common fisheries policy within the EEC.

My Government reaffirm their commitment to the reorganisation of the electricity supply industry in England and Wales and will introduce legislation for this purpose.

Fresh support will be given to enable the National Health Service to fulfil and extend its services to the public. Bills will be introduced on the regulation and training of the nursing, midwifery and health visiting professions on the lines recommended by the Briggs Committee on Nursing; and to provide for the scheme of payments for those who have suffered severe vaccine damage. A measure will be introduced to extend benefits for the disabled and to correct and clarify the law relating to social security. My Government are examining schemes to provide compensation for those such as slate quarrymen who have suffered respiratory diseases from dust in their employment, but who are unable to obtain such compensation through the courts because their employers have gone out of business. A Bill will be introduced to improve the arrangements for legal aid.

Legislation will be introduced to extend protection for individuals who entrust their savings to others. It will include Bills relating to banks and other deposit-taking institutions, to credit unions, and to estate agents. There will be legislation to amend company law, including strengthening the provisions governing the conduct of company directors, and to establish the Crown Agents as a statutory corporation. A Bill will be introduced to improve procedures in commercial arbitration.

Scottish Bills will be introduced to improve criminal justice and criminal procedure in Scotland, to establish a system of registration of title to land, and for other purposes.

My Government will continue their programme of law reform.

Other measures will be laid before you . . . .

By-elections and State of the Parties

Details of two recent by-election results and the current state of the parties in the House of Commons are shown below.

The Labour Party retained both its seats in parliamentary by-elections held at Berwick and East

Lothian and at Pontefract and Castleford on 26 October. The results were as follows:

Berwick and East Lothian

J. H. Robertson (Labour)	20,530
M. Marshall (Conservative)	17,418
I. Lindsay (Scottish National Party)	3,799
T. Glen (Liberal)	1,543

Some 71 per cent of the electorate voted.

Pontefract and Castleford

G. Lofthouse (Labour)	19,508
H. Page (Conservative)	8,080
L. Marsh (Liberal)	2,054

Some 49 per cent of the electorate voted.

Following the by-elections, the death in October of the Conservative MP for Clitheroe, Mr David Walder, and the resignation in November of the Conservative MP for Knutsford, Mr John Davies, the state of the parties in the Commons is now as follows:

Labour	308
Conservative	280
Liberal	13
Scottish National	11
Official Unionist (Northern Ireland)	7
Plaid Cymru (Welsh Nationalist)	3
Independent Unionist (Northern Ireland)	2
Scottish Labour	2
Democratic Unionist (Northern Ireland)	1
Independent (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Vacant seats	2
TOTAL	631

In addition there are the Speaker and his three deputies, who do not vote except in their official capacity in the event of a tie.

Government Changes

Several Government changes have recently been announed.

Mr John Smith has succeeded Mr Edmund Dell as Secretary of State for Trade, and becomes a member of the Cabinet. Mr Dell has resigned from the Government. Mr Smith's former post as Minister of State in the Privy Council Office with responsibility for devolution will not be filled.

Mr Tom Pendry has been made an additional Parliamentary Under-Secretary of State at the Northern Ireland Office, a newly created post.

Mr John Evans has been appointed an Assistant Government Whip in the House of Commons to succeed Mr Frank White, who has resigned. Two new appointments as Government Whips in the House of Lords have also been announced. Baroness David has been appointed a Baroness in Waiting, and Lord Leonard has been appointed a Lord in Waiting. They succeed Lord Oram and Lord Winterbottom, who resigned in March and October respectively.

Devolution Referendums

The people of Scotland and Wales are to take part in referendums on 1 March 1979 to determine whether they approve the establishment of directly-elected assemblies. The date was announced on 1 November by the Prime Minister, Mr James Callaghan, speaking in the House of Commons debate on the Queen's Speech. Draft Orders to provide for the referendums will be laid early in the new session of Parliament.

The Scotland Act and the Wales Act received the Royal Assent on 31 July 1978 (see pp 452-7, 1977 and pp 319-20). The Acts provide respectively for the establishment of a Scottish Assembly and Executive, with legislative and executive powers over a range of domestic affairs, and of a Welsh Assembly with an executive role only. Before the assemblies can be set up, however, referendums must be held in Scotland and Wales to obtain the approval of the two electorates. The referendums will both be subject to an affirmative vote of at least 40 per cent of those entitled to vote. If, in either case, less than 40 per cent of the total electorate votes in favour of an assembly, the relevant Secretary of State must lay an Order for the repeal of the legislation.

The referendums will be held on the basis of the new electoral registers, which will come into force on 16 February 1979.

Disarmament: Britain's Views

The British Government's views on the achievements of the United Nations (UN) recent special session on disarmament,[1] on the action which should follow the session's decisions, and on the ways of pursuing the other ideas and proposals which had been raised at the session, were explained in a speech by Lord Goronwy-Roberts, Minister of State for Foreign and Commonwealth Affairs, on 23 October.

The Special Session on Disarmament

Speaking in New York in the First Committee of the UN General Assembly (the Committee deals with political and security matters), Lord Goronwy-Roberts said that from the outset the British Government 'regarded the special session as a very important event which potentially was able to give a new impetus to progress in disarmament. There can be no doubt of the success of the session in promoting awareness of the imperative need for disarmament.' The involvement of independent non-governmental organisations in the debate, which the British Government consistently advocated, had been valuable in stimulating public interest, and there had been an opportunity to hear different analyses of the problems and different approaches to their solution. In the British view, it had been helpful to international confidence and security that Britain and other nuclear-weapon states had given the non-nuclear powers assurances about their security from nuclear attack.

Another achievement, the Minister continued, was that for the first time the world organisation had adopted a comprehensive statement about disarmament, and had done so by consensus, with no state dissenting. The British Government welcomed the fact that two nuclear-weapon states which previously had not been active in multilateral discussion of disarmament [China and France] had taken their places in the debate and had put forward their ideas. The reform of the negotiating committee in Geneva to make it more representative was 'a most welcome and tangible outcome of the special session'. The Government was also pleased that the First Committee of the General Assembly had been relieved of its other responsibilities so as to concentrate on disarmament and related international security questions. 'We shall also play our part in the UN Disarmament Commission, which has been revived as the main deliberative body of the entire UN membership.'

However, the Minister was disappointed with the outcome of the special session 'in one major respect': the Final Document, he said, 'is not altogether balanced and it is insufficiently specific .... No improvements in machinery can be of value unless governments have the necessary political will to reach agreements on practical measures of arms control and disarmament'. Action was needed on important subjects discussed in the Final Document, such as nuclear disarmament and the abolition of chemical weapons. 'But we should not neglect some of the important items which were given only a passing reference in the Final Document. One of the most crucial issues facing mankind – preventing the further spread of nuclear weapons – was recognised but not seriously tackled. The passage in the Final Document on the reduction of military budgets was only in general terms .... The brief and rather qualified reference to consultations on limiting transfers of conventional weapons did not go far enough. The proposals for confidence-building measures on a world-wide scale were not endorsed.' The Government wished to see action in all these areas.

Nuclear Weapons

Turning to what he considered to be 'the most important subjects following the special session', Lord Goronwy-Roberts said: 'The world must be spared the risks of an uncontrolled strategic nuclear arms race. A special responsibility rests on the United States and the Soviet Union in fulfilling the hopes expressed at the special session. The SALT II agreement [see p 202], which I hope is now emerging, will formally establish strategic parity and enhance stability. It will involve actual destruction of nuclear delivery systems. The United Kingdom has given the United States and the Soviet Union full support in their efforts to reach agreement. The world is already beginning to look ahead to a SALT III negotiation to follow the conclusion of SALT II: one of the most encouraging events of the special session was that Vice-President Mondale and Mr Gromyko both declared that SALT III should aim to constrain significantly the number of strategic systems, and to limit their

[1] See pp 201-4, 286-8 and 343, and COI Factel *United Nations Special Session on Disarmament*, No 680, May 1978.
For an account of the arms control and disarmament negotiations and agreements since the second world war, see COI reference pamphlet *Arms Control and Disarmament*, R6031/77.

qualitative development. The SALT process has been under way for nine years and is an extremely difficult undertaking. But it has done great good, both in concrete results and in developing between the two super-powers a dialogue on strategic issues which I believe is an essential ingredient of *détente*.'

The Minister pointed out that 'the present SALT process cannot be the whole story on nuclear weapons', and that 'there are many nuclear systems whose range and capabilities are less than strategic in the SALT definition: but all are weapons of terror and all cause concern to those who feel threatened by them'. Britain was 'considering in Europe how restraint in such armaments can be achieved' (see p 202).

'As a nuclear-weapon state', said Lord Goronwy-Roberts, 'the United Kingdom recognises and accepts that it has a special responsibility to curb the vertical proliferation [that is, qualitative development] of nuclear weapons.' It was making 'serious efforts towards this end', particularly in the negotiations with the Soviet Union and the United States on a comprehensive test ban treaty (see pp 202 and 343). 'Agreement in principle, said the Minister, 'has been reached on many of the major issues in the negotiations, including the key point that the treaty should be genuinely comprehensive. The three negotiating parties are agreed that the treaty should ban all nuclear weapons tests in all environments and that peaceful nuclear explosions should be covered by a protocol which will be an integral part of the treaty. In the light of the substantial progress already made, it is my belief that the tripartite negotiations can soon reach agreement on a treaty . . . .'

Non-Proliferation

In parallel with these negotiations by nuclear-weapon states, it was essential, said the Minister, to make further efforts to ensure that the growing international transfer of civil nuclear technology did not create new dangers of weapons proliferation. Britain's aim was 'to provide for international access to nuclear power for civil purposes while minimising the risk of the spread of nuclear weapons technology'. Referring to a recent speech by the Foreign and Commonwealth Secretary, Dr David Owen (see pp 342-4), the Minister pointed out that it was possible for the equipment and services essential to a successful civil nuclear industry to be made available while minimising the proliferation risk. [Dr Owen had recalled Britain's policy on exports of nuclear equipment which includes safeguards against the risk of proliferation (see p 343).] The Non-Proliferation Treaty and the International Atomic Energy Authority's safeguards (see p 203) were the main basis of Britain's policy, but the Government also supported 'other measures that can serve the same aim, such as new technologies more resistant to proliferation, harmonised nuclear export policies, and of course nuclear-weapon-free zones'. The Minister emphasised that these non-proliferation efforts were designed to benefit all states.

Without the Non-Proliferation Treaty, he continued, 'the risks of proliferation and nuclear war would be much more serious today. The treaty contributes to the mutual security of the treaty parties. It has received very wide acceptance in the international community and now has 106 parties. We strongly encourage more states to adhere. The United Kingdom itself has gone beyond its obligations by voluntarily accepting safeguards on its civil nuclear industry [see pp 203 and 277]. This arrangement came into force on 14 August.'

Referring to Britain's advocacy of security assurances for non-nuclear states (see p 202), the Minister said that the Government hoped that the assurances given during the special session by three nuclear weapon states [Britain, the Soviet Union and the United States] would enhance the confidence of non-aligned states in their security from nuclear attack and further reduce any incentive they might feel to acquire nuclear weapons.

The current session of the UN General Assembly is to discuss the holding of a second Non-Proliferation Treaty review conference in 1980. For this purpose, said Lord Goronwy-Roberts, Britain was co-sponsoring a resolution which envisaged a preparatory committee consisting of a broad spread of industrialised and developing countries. Britain hoped that the results – due in 1980 – of the International Nuclear Fuel Cycle Evaluation study (see p 181, footnote) 'in which the developing countries have an important contribution to make, would form part of the background to what we hope will be a comprehensive and thorough discussion of the whole field of non-proliferation at the review conference'.

Nuclear-weapon-free Zones

The Minister recalled that the Final Document of the special session had declared that the process of establishing nuclear-weapon-free zones in different parts of the world should be encouraged, with the ultimate objective of achieving a world entirely free of nuclear weapons. The British Government 'supports the establishment of such zones on the basis of agreements freely arrived at among all the states concerned, and believes that the status of the zones should be respected by the nuclear-weapon states'. Britain had been the first state to ratify the additional protocols to the treaty for the Prohibition of Nuclear Weapons in Latin America. [This treaty, known as the Treaty of Tlatelolco, was opened for signature in 1967. Of the two protocols, one is concerned with territories for which outside states are responsible, and the other includes undertakings by nuclear-weapon states not to use nuclear weapons against a contracting party.] When the treaty became fully effective through the adherence to the protocols of all the other nuclear-weapon states, there would be, the Minister hoped, 'no political reason for any state in Latin America to delay the entry into force of the treaty in its territory'.

Other Weapons of Mass Destruction

Lord Goronwy-Roberts restated Britain's belief that new scientific discoveries should not be used to create new weapons of mass destruction. The Final Document of the special session supported Britain's belief that 'the best way to achieve this aim is for the Committee on Disarmament to remain vigilant so that specific agreements can be

concluded on any particular new weapons of mass destruction, based on new scientific principles, which may be identified'. The matter should be kept under active review in the Committee on Disarmament, and Britain would play its part in that process.

Turning to weapons which are already in existence, the Minister said: 'The United Kingdom has renounced offensive chemical weapons and calls upon other states to do likewise.' The Final Document had given 'proper emphasis' to the task of negotiating a ban on the production and stockpiling of chemical weapons. The Government was glad that in the negotiations between the Soviet Union and the United States both sides had agreed that verification procedures should be based on a combination of national and international arrangements, including the creation of a consultative committee. 'We hope', said Lord Goronwy-Roberts, 'the language in the draft convention tabled by the United Kingdom in 1976 will be useful to the Committee on Disarmament when it comes to consider the framework of a treaty.'

Referring to the review conference, to be held in 1980, on the Biological Weapons Convention (which had required the destruction of all stocks of biological weapons), the Minister pointed out that Britain had played an active part in the negotiation of the convention. At the current UN Assembly Britain would co-sponsor a draft resolution setting in hand the arrangements for the review conference. Lord Goronwy-Roberts added: 'Some concern has been expressed about developments in genetic engineering in recent years which might permit laboratory culture of new organisms dangerous to mankind. This would be a perversion of scientific knowledge with incalculable consequences. It is right that the review conference should examine such developments so that the world would be assured that none is being used for military purposes.'

Regional Approach

Lord Goronwy-Roberts recalled that the Final Document had underlined the value of the regional approach to disarmament, as an element in the world-wide effort towards general and complete disarmament. Britain supported this principle and was participating actively in the talks on mutual and balanced force reductions designed to achieve a more stable military balance in Europe (see p 343). It had supported the Latin American nuclear-weapon-free zone since its inception, and welcomed the declaration of Ayacucho by the Andean states, as an example of voluntary restraint on a regional basis. 'We believe', said the Minister, 'it would be useful to examine regional approaches, including initiatives like these, to ascertain the general principles which should govern regional arms control and to identify new possibilities.' As an example, he recalled Britain's proposals for confidence-building measures such as notification of military movements, and exchanging observers and military visits (see p 203).

Conventional Weapons

The Government believed that it was essential to implement and reinforce the proposals in the Final Document to deal with the accumulation of conventional weapons throughout the world, said the Minister. 'In this area of arms control two principles stand out: nothing should be done to endanger the security of states which are not able to produce their own armaments, and nothing can be done without the agreement of both the major arms suppliers and recipient countries. There must be thorough discussions among the two groups of states.' Britain, which accounted for only 5 per cent of the international arms trade, would continue to exert its best efforts to secure measures of restraint by international agreement. It had followed with interest the talks between the Soviet Union and the United States on the problem of the international transfer of conventional armaments, and welcomed the recent initiative of the Latin American and Caribbean states to limit the supply of arms in their area.

Military Expenditure

Lord Goronwy-Roberts deplored the fact that 'our world, riven though it is by poverty and by social and economic injustice, devotes 6 per cent of what it produces to military expenditure.' He pointed out that the problem 'is not just one of economic management or resource allocation. It has a crucial political and security dimension as well. Reductions in military expenditure can help to limit the global arms race.'

'Past efforts in this field,' said the Minister, 'have shown that international agreement on balanced reductions of military expenditure depends on devising an accepted method for measuring and comparing such expenditure. The United Kingdom has played an active part in the work of the UN Secretary-General's group of experts, which has produced a standardised method of measuring and comparing budgets. This reporting instrument needs to undergo a practical test by a representative sample of states. When the results have been assessed, any necessary refinements should be made, with a view to the adoption of the reporting instrument by the United Nations for general use. We should then have an agreed base on which we might work towards negotiating reductions in military budgets. I urge that this Assembly should move forward on this significant aspect of arms control.'

Disarmament and Development

The Minister said that Britain was actively participating in the UN study of the relationship between disarmament and development, which includes among its topics the problems of transferring resources released from military purposes to economic and social development.

The Government was carrying out the measures for mobilising public support for disarmament which had been suggested in the Final Document. It had prepared a series of publications which had enjoyed a wide circulation through interested non-governmental organisations.

Disarmament Machinery

Noting that the Committee on Disarmament, when it meets in January, would be more representative because of its additional members (see p 288),

Lord Goronwy-Roberts said that the Government was 'glad to have played a part in devising generally acceptable reforms which should enhance the Committee's ability to discharge its crucial function of negotiating multilateral treaties on arms control and disarmament. . . . The United Kingdom stands ready to play a full part . . . . We are glad that France will be there and we hope that before long China too will participate.'

A Second Special Session

The Minister thought that as many as possible of the short-term proposals contained in the special session's programme of action should be implemented before the next special session met to review progress. The reformed machinery should be given time to come to grips with its tasks before another special session was convened.

Conclusion

Lord Goronwy-Roberts affirmed that the United Nations' objective should be 'general and complete disarmament under effective international control. At each stage of the process the objective should be undiminished security at the lowest possible level of armaments and military forces.' Britain believed in 'balanced disarmament with international verification, so that each state reduces its armaments and sees its potential adversary reducing his'. Recalling that at the special session the British Prime Minister had pledged Britain's willingness 'to accept on its territory whatever further measures of verification, including international inspection, are needed to underpin future arms control agreements', the Minister suggested 'that universal acceptance of this principle would go some way towards easing the path of future negotiations'.

In conclusion, Lord Goronwy-Roberts said: 'We must now all make much greater efforts to achieve faster progress, by concluding multilateral, balanced and fully verified treaties on concrete matters of importance.' The British Government was dedicated to that objective. 'The United Kingdom has played a prominent part in all the multilateral disarmament negotiations since the United Nations was founded. We worked hard to achieve success at the special session, guided by the view that arms control measures can enhance both international stability and national security. Our prime tasks in the immediate term will be a comprehensive test ban and progress on mutual and balanced force reductions in Central Europe.'

European Community

At Council meetings during October, Britain, Denmark and the Irish Republic joined a convention on jurisdiction and the enforcement of judgments in civil and commercial matters, and a directive concerning harmonisation of the rules on company mergers was adopted. Finance ministers held more talks on the proposed European Monetary System, and issued a statement agreeing to continue the multilateral trade negotiations in spite of certain decisions taken by the United States Congress. Following consultations, British and Federal German ministers agreed that a determined effort should be made before the end of the year to resolve the main difficulties concerning the common fisheries policy. These and other recent developments are described below.

LEGAL POLICY

Convention on Jurisdiction and Enforcement

At a Council meeting on 9 October representatives of the Governments of the member states of the Community signed a convention on the accession of Britain, Denmark and the Irish Republic to the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters and to the Protocol on its Interpretation by the Court of Justice. When these three countries joined the Community, they agreed to accede to the Convention and Protocol, and negotiations were carried out to make the necessary changes in the texts to take account of differences in the legal systems of the new member states and the importance of certain economic sectors.

The purpose of the Convention, which entered into force in 1973, is to simplify the formalities governing the reciprocal recognition and enforcement of judgments of courts and tribunals. The principal amendments to the Convention following the enlargement of its membership concern provisions to take account of the special features of British trust law; a series of provisions on maritime law, in view of the extent to which British courts exercise jurisdiction in this area; provisions governing insurance contracts, reflecting the importance of Britain's accession to the overall size of the Community's insurance market; and new provisions relating to consumer protection. The new Convention will enter into force as soon as it is ratified by the member states.

Adoption of Third Company Law Directive

The Council also adopted the third company law directive concerning harmonisation of the rules on mergers of public limited liability companies. The aim of the directive is to co-ordinate the procedures and effects of mergers and similar operations in order to arrive at an equivalent degree of protection throughout the Community for the members, creditors and employees of companies involved in such operations. Its provisions, which are to be converted into national law within three years, stipulate those companies which may be merged, lay down minimum requirements for the draft terms of any merger, and determine the powers of general meetings and the rights of individual and minority shareholders.

ECONOMIC POLICY

European Monetary System

Further discussions on the proposed European Monetary System (see pp 344-5) were held at a meeting of the Council attended by finance ministers on 16 October. They examined in particular

major questions relating to the intervention rules and credit mechanisms to be established under the new system. Britain's position in these discussions has been to insist that the onus for keeping currency rates within their agreed margins should be borne by both weak and strong currencies within the system.

These and other matters were discussed at a meeting between the Prime Minister, Mr James Callaghan, and the Federal German Chancellor, Herr Helmut Schmidt, in Bonn on 18 and 19 October. For a statement on Britain's position on the proposed monetary system see p 395.

Multilateral Trade Negotiations

Following the recent decisions taken by the United States Congress not to continue the waiver on countervailing duties and to exclude textile products from the multilateral trade negotiations (see p 345), the Council issued a statement on 17 October regretting these developments. It said, however, that it 'assumes that the United States will find a way of enabling the negotiations on all topics, including textiles, to continue, and further assumes that the continued application of the waiver . . . is guaranteed'. The statement went on to say that, in spite of the 'serious decisions' taken by the Congress, 'the Community . . . is prepared to continue the talks in order to prepare the way for the conclusion of the negotiations'. It was agreed at the Bonn summit meeting in July (see p 295) that these negotiations, which are being held within the framework of the General Agreement on Tariffs and Trade, should end in mid-December.

DEVELOPING COUNTRIES

Aid to Non-associated Developing Countries

At a meeting on 10 October the Council approved a financing programme proposed by the Commission as part of the 1978 budget of 70 million European units of account (Eua) for aid to non-associated developing countries. This decision follows the adoption of general guidelines on this matter by the Council in April (see p 150).

ENERGY POLICY

Projects in the Hydrocarbons Sector

Energy ministers adopted a decision on 30 October concerning support measures for 49 Community projects in the hydrocarbons sector. Under this decision, subsidies up to a maximum of 39 million Eua will be granted for the period 1978 to 1980 for projects of fundamental importance in ensuring the Community's supply of hydrocarbons, and in particular likely to expedite the exploitation of resources and improve the storage and transport conditions for hydrocarbons in the Community. These subsidies, which are repayable if the results are commercially exploited, follow on from the Community support of 128 million Eua granted for 95 projects between 1974 and 1977.

Energy Co-operation with Developing Countries

In the light of the conclusions of the summit meetings at Bremen (see pp 281-3) and Bonn (see pp 294-6) calling for increased co-operation with developing countries in the field of energy, Community energy ministers resolved to give increased importance to energy questions in the development assistance programmes of member states and of the Community. In particular, the Council agreed to participate in co-ordinated efforts to enable developing countries to make use of renewable energy resources, and asked the Commission to prepare studies of their needs and resources in this respect.

FISHERIES

Common Fisheries Policy

Negotiations on the common fisheries policy (see COI Factel *Britain's Fisheries in the European Community*, No 669, May 1978, and p 246) were among the topics discussed at recent ministerial consultations between Britain and the Federal Republic of Germany (see above). Following the talks, at a press conference on 19 October, the Prime Minister, Mr James Callaghan, said that he would like to see a settlement reached during the Federal German Presidency of the Community's Council [that is, by the end of the year]. Referring to the consultations in a written parliamentary answer on 2 November the Minister of Agriculture, Fisheries and Food, Mr John Silkin, said: 'The main difficulties were identified and it was agreed that a determined effort should be made to resolve them in the Fisheries Council [that is, during the Community Council meetings devoted to fishery matters]. There will probably be meetings of this Council on 23-24 and 28 November. I have, therefore, decided to defer the introduction of the United Kingdom national measure applying a 70-mm mesh size for all nephrops [a kind of lobster] fishing within United Kingdom fishing limits for the time being' (see p 247). Mr Silkin had previously referred to the postponement at a press conference in Luxembourg on 30 October, when he said: 'I have taken this decision because I know that the introduction of this measure will cause difficulties for some Community fishermen and I am willing to defer introduction until after the Fisheries Council at the end of November in the hope that it will help to produce an atmosphere in which we can move to an acceptable settlement on a common fisheries policy. I now look to our partners to make a constructive response.'

Britain's Conservation Measures

Government's Reply to Commission

On 29 September the Community's Commission sent to the Government a communication commenting on the conservation measures for which the Government had sought the Commission's approval (see pp 247, 332 and 346). (With the exception of the measure concerning nephrops all these measures have been put into effect.) The Government's communication to the Commission, dated 17 October, answers the points raised by the Commission.

Reduction of the permitted by-catch in small-mesh fisheries. The Commission has stated that the Government cannot introduce this as a national

measure under the Hague Resolution,[1] because Britain did not agree to a similar Community measure proposed by the Commission at the Council meeting of 25 September. The Government points out that the proposal was linked at that meeting to a number of other proposals which Britain was unable to accept. The Government also questions why the Commission cannot approve the measure, when it has approved identical measures introduced by other member states.

Closure of the West of Scotland herring fishery. The Commission has suggested that the onus of proof is on Britain to show that the closure should exclude the Clyde fishery. The Government states that it has followed the advice of the International Council for the Exploration of the Sea in this matter.

Extension of the Norway pout box. The Government does not agree with the Commission's suggestion that this measure is 'excessive' because of its impact on relations between the Community and other countries. Such countries cannot expect to be exempted from conservation measures which are necessary for the protection of fish stocks.

Isle of Man herring fishery (in the Irish Sea). The Commission wishes to examine this matter further, and has requested Britain not to proceed with the measure in the meantime. The Government considers that if this measure were not implemented, the quantity of herring taken in this fishery would exceed the total recommended by the International Council for the Exploration of the Sea.

Mourne fishery. The Commission has objected to the granting of exemption from the closure to very small coastal vessels, and has stated that this type of decision can only be made by the Council. The Government asks the Commission to indicate the legal basis for its view.

Southern Africa

Recent moves to find internationally acceptable settlements for the problems of Rhodesia and Namibia are summarised in this article.

RHODESIA[2]

In Washington, on 21 October, the Executive Council of the 'transitional government' in Rhodesia agreed to attend an all-party conference on Rhodesia. Within Rhodesia, however, hostilities have continued and have led to further Rhodesian raids into Zambia and Mozambique.

Executive Council's Visit to the United States

At the invitation of 27 United States Senators, the four members of the transitional government's Executive Council visited the United States in October. Mr Ian Smith and the Reverend Ndabaningi Sithole arrived in the United States on 7 October, and, with Bishop Abel Muzorewa and Chief Jeremiah Chirau, who joined them on 14 October, remained there until 22 October. The aim of the visit, Mr Smith said on 4 October, was 'to bridge the gap and communicate with the American people' who had 'a tremendous misunderstanding of what we are trying to do in Rhodesia'. The Executive Council wished 'to put the record straight, to give the American people the truth'.

The United States Government's decision, announced on 4 October, to grant Mr Smith and his colleagues visas for the visit was strongly condemned by both wings of the Patriotic Front – a statement issued by Mr Robert Mugabe's Zimbabwe African National Union said that the United States had exceeded its role as mediator and therefore should be excluded from any future conference on Rhodesia – and some African countries. In addition, on 10 October, in a resolution sponsored by India, Kuwait, Mauritania and Nigeria and adopted by 11 votes to none with four abstentions (Britain, Canada, the Federal Republic of Germany and the United States), the United Nations Security Council noted the decision 'with regret and concern' and considered that it contravened United Nations sanctions resolutions. At the same time, it expressed the hope that the United States would 'continue to exert its influence in order that genuine majority rule may be achieved without further delay'. Addressing the Council, the United States representative emphasised, as had the State Department announcement of 4 October, that the United States Government had given the matter lengthy consideration and had made its decision 'in the interest of making every effort to conclude a Rhodesian settlement'. It intended to use the opportunity presented by the visit to convince Mr Smith and his colleagues 'of the necessity of moving towards a genuine transfer to majority rule' on the basis of the Anglo-American proposals. In the view of the British Government, Britain's representative, Mr Ivor Richard, told the Council, the decision whether or not to admit Mr Smith and his colleagues to the United States was a decision for the United States Government alone. Britain was convinced that the visit did not indicate any weakening in that Government's commitment to the principles and ideals embodied in the Anglo-American proposals.

During their visit, Mr Smith and his colleagues explained the transitional government's position in press and television interviews and by addressing meetings, including the Foreign Relations Committee of the US Senate. In addition they had two meetings with United States and British officials. In the first of these, on 9 October, the US Secretary of State, Mr Cyrus Vance, and the British Ambassador to the United States, Mr Peter Jay, told Mr Smith and the

[1] The Resolution, adopted by all the member states on 3 November 1976, states that if no Community conservation measures can be adopted, the member states can themselves adopt appropriate measures.

[2] In the House of Commons on 8 November an Opposition amendment to the Queen's speech criticising the Government's policy on Rhodesia was defeated by 323 votes to 278. On the same day, the House approved by 320 votes to 121 the Southern Rhodesia Act 1965 (Continuation) Order 1978; the House of Lords approved the Order on 9 November by 166 votes to 65. The effect is to continue in force for a further year section 2 of the Act which, *inter alia*, provides for the imposition of sanctions on Rhodesia. These proceedings will be covered in a subsequent issue of *Survey of Current Affairs*.

Reverend Sithole that a civil war in Rhodesia could only be avoided by all parties meeting each other and agreeing upon a fair and peaceful solution, and urged the Executive Council members to agree to such talks. Later, Mr Smith, in speeches in Washington and San Diego on 12 and 15 October respectively, indicated that the Executive Council was now prepared to consider this, and at a second meeting with United States and British officials on 21 October, the four members of the Executive Council 'confirmed their willingness to attend a well prepared all parties conference without preconditions'. State Department officials said that there had also been agreement on five points which could become 'the focus for discussions' at a conference. These were provisions for holding free and fair elections; arrangements for a ceasefire; a transitional government; formation of armed forces to serve an independent government; and the basic principles to be included in a constitution for an independent Rhodesia, including individual rights.

Mr Smith's visit to the United States raised the question of the British Government allowing him entry into Britain, and a request for this was submitted to the British Government by Lord Salisbury and a number of Opposition Members of Parliament. Replying on 10 October, the Secretary of State for Foreign and Commonwealth Affairs, Dr David Owen, pointed out that under British law Mr Smith was liable to prosecution if he entered Britain, and that only Parliament could grant him immunity from legal proceedings. The Government would only request Parliament to provide for this 'if there appeared to be overriding reasons for doing so in the interests of a negotiated settlement. This was not the case at this moment.'

Developments in Rhodesia

In October the Executive Council announced its intention to take measures to end all racial discrimination in Rhodesia. Already, on 8 August, it had announced the removal of discrimination in respect of admission to public places, trading in African and European areas, the provision of separate facilities by local authorities, and the franchise for local government elections. Now, in a statement issued on 10 October, it said that all outstanding issues in this matter had been resolved – including 'urban residential areas and conditions of tenure in Tribal Trust Lands, the decisions on which effectively mean the repeal of the Land Tenure Act', and the provision of education and health facilities.

Under the proposed measures, white residential areas will be open to all races subject to certain provisions designed to maintain the standard and character of the areas – including the occupation of one property by one family (parents and their children) only. The communal concept of property ownership in the Tribal Trust Lands will be retained for the present, but established business and industrial areas within them will be open unconditionally to all races. The three types of government schools – respectively with high, low and no fees – will be open to all children providing they meet certain conditions – academic qualifications, proficiency in the language of instruction, age of class – and reside in the zone served by the school. There will also be community and private schools which will have the right to maintain their cultural and religious identities. In the health service, the present two-tier structure, with fee- and non-fee-paying patients, will be retained, but, within this, patients will be able to attend the medical adviser of their choice. Medical practitioners will not be debarred from any appointment on the ground of race or colour.

Bishop Muzorewa said he was extremely 'happy' with the measures which meant that racial discrimination was 'finished'. The announcement, he said on 11 October, meant that there 'is no reason any more for condemning us'. Mr Joshua Nkomo (leader of the Zimbabwe African People's Union), however, said the announcement did not mean anything to him, and the Zambian Government said that it did not believe the promises, having heard them before. Within Rhodesia, also, reports indicate that the announcement did not meet with unqualified approval. The Roman Catholic Commission for Justice and Peace in Rhodesia, for instance, said its most serious defect was that 'although, on paper, economic discrimination was replacing racial discrimination, in practice the end result will be the same'. It also pointed out that it would be at least three or four months before the proposals became effective.

There has also been some uncertainty concerning the transitional government's progress regarding another of its principal tasks – to hold elections with a view to achieving majority rule on 31 December 1978. At a press conference on 29 October, Mr Smith said, as he had on previous occasions, that he believed that because of 'purely mechanical reasons' this target would not be met and that 'the exercise would spill over a few months' into 1979. He added that he had always thought the target was a 'bit too ambitious', and pointed out that the Anglo-American proposals allowed two years as opposed to nine months for the exercise. In London on 30 October, Bishop Muzorewa emphasised that Mr Smith's statement was a personal opinion. The transitional government's policy remained that of achieving majority rule on 31 December, and the whole government would need to be convinced that it was impossible to hold elections before then if Mr Smith's views were to prevail. On 5 November the central committee of the United African National Council, Bishop Muzorewa's party, said that a decision to postpone majority rule would wreck the internal agreement, while that of the African National Council (Sithole) said it would damage the government's credibility at home and overseas.

Hostilities involving the Rhodesian security forces and the guerrilla forces supporting the Patriotic Front have continued, and the limited martial law introduced in September (see p 348) was extended on 4 October and again on 31 October, and now covers about a half of the country. Casualties of the war remain high, and September, with 791 deaths, was the worst since the war began (the worst month before that was July 1978 with 525 casualties). To help meet the deteriorating situation, the transitional government announced on 19 October that all blacks aged between 18 and 25 and with three years or more high school education would be eligible for national service from 1 January 1979; the Co-Minister of Manpower, Mr Rojan Cronje, said that the advent of majority rule would mean

equal burdens and equal responsibilities for black and white Rhodesians. The position of the security forces has also been weakened by increased white emigration. In September there was a net loss of 1,480 whites (1,776 gross) through emigration – the highest monthly figure ever.

Raids into Zambia

On 19 and 20 October Rhodesian air and ground forces attacked camps of Mr Nkomo's Zimbabwe African People's Union – these, according to Rhodesian military communiqués, being the 'military headquarters of Nkomo's army' at Chikumbi, 20 kilometres west of Lusaka, and 'two other major... terrorist complexes and nine satellite camps'. (At the same time Rhodesian forces attacked bases of the Zimbabwe National Liberation Army, loyal to Mr Mugabe, in Mozambique.) Casualties of the Zambian raids were high, but while the Rhodesians claimed that they were terrorists, Mr Nkomo, supported by President Kaunda of Zambia, said they were mainly non-combatants. The base at Chikumbi, Mr Nkomo stated, was not his headquarters but a camp for 'the old and infirm' and was 'in the process of being converted into a centre for refugee children'; while that at Mkushi, 130 kilometres north-east of Lusaka, was a training centre for women. At a press conference on 23 October, President Kaunda condemned the attacks as 'dastardly, cowardly and cruel', and 'regretted' that they had been ordered by Mr Smith from Washington. Zambia, he added, had the capability to retaliate, but would not do so since it did not wish to escalate the war and because it would 'plunge [Zambia] into chaos'. At the same time, he reaffirmed Zambia's commitment to the struggle for an independent Zimbabwe.

BRITISH SUPPORT FOR ZAMBIA

On 27 October the Foreign and Commonwealth Office announced that Britain had agreed to provide Zambia with military assistance to improve its defensive capability, particularly air defence.

In a statement explaining this decision to the House of Commons on 2 November, Dr Owen said that President Kaunda had requested such assistance at the Kano talks in September (see p 348), and had made it clear that Zambia was turning to Britain in the first instance as a fellow member of the Commonwealth with which it had had economic and defence relations since independence in 1964. The recent Rhodesian raids, Dr Owen added, had reinforced Zambia's concern about its national security. The Zambian Government had given firm assurances that the equipment would be used for no other purpose than the defence of Zambia and would not be passed to any third party, and the air defence equipment would safeguard the integrity of the capital. The cost of the assistance, which would also include provision for increased training for Zambian military personnel in Britain, would be about £10 million.

Zambia's economic difficulties had also been discussed at Kano, Dr Owen told the House of Commons, including the urgent problems of obtaining maize seed, fertiliser and pesticide needed to ensure the 1979 harvest, and the severe difficulties arising from the low world price of copper and Zambia's difficult road and rail links to the sea. As a result, Britain had agreed to help meet Zambia's urgent need for foreign exchange by making an immediate advance payment of £20 million in respect of copper to be supplied in 1980. It had also offered technical assistance to help develop Zambia's cobalt production. Zambia's transport problems, Dr Owen added, would be eased by the reopening of the Benguela Railway (which occurred on 4 November), and Britain had offered financial assistance for improving the Zaire section of the railway and technical assistance for the Angolan section.

The transportation problems facing Zambia had compelled its Government to announce on 6 October that, 'as a result of unprecedented limitations on the other routes', it had decided to use again the southern railway route through Rhodesia (which had been closed since 1973 – see pp 165-6, 1973) to import goods, including fertiliser, and to export copper. The statement emphasised, however, that this did not mean the opening of the entire Rhodesia-Zambia border or the renewal of trade with Rhodesia.

Since 1973 about 90 per cent of Zambia's trade has been routed through Dar es Salaam via the Chinese-built Tazara railway. However, serious operating difficulties and congestion have resulted in severe delays, and in early 1978 the Zambian Government attempted to bring in fertiliser imports from Mozambique by road and rail through South Africa and Botswana. This, however, has not ensured a fast enough arrival of supplies.

NAMIBIA

In talks with the foreign ministers of the five Western members of the Security Council, South Africa has recommitted itself to supporting United Nations supervised elections in Namibia. At the same time, however, it has reaffirmed its intention of holding separate 'internal' elections in December.

Talks in South Africa

The British, Canadian, Federal German and United States Ministers for Foreign Affairs and the French Minister of State for Foreign Affairs[1] visited South Africa from 15 to 18 October for talks with the South African Prime Minister, Mr Pieter Botha, and Foreign Minister, Mr R. F. Botha, about the serious situation arising from South Africa's decision to hold internal elections in Namibia in December despite the terms of Security Council resolution 435 (1978) (see pp 350-2). The visit followed a statement by the South African Cabinet on 3 October saying that, in its view, the implementation of the UN Secretary-General's report on Namibia (see p 350) had not been ruled out by South Africa's decision to go ahead with the December elections to choose representatives of the Namibian people.

[1]Respectively, Dr David Owen, Mr Donald Jamieson, Herr Hans-Dietrich Genscher, Mr Cyrus Vance and M. Olivier Stirn.

A joint statement issued after the talks on 19 September said that the parties had further examined the South African Government's reservations about the Secretary-General's report 'in order to establish common ground on [its] implementation'. As a result of this, and the clarifications contained in the Secretary-General's statement to the Security Council on 27 September, agreement had been reached concerning the character and role of the civilian police component of the United Nations Transitional Assistance Group (UNTAG), on the need for fair consultation, and that 'the composition and actual total figure of UNTAG's military force would be determined by the Secretary-General after consultation by his Special Representative with [South Africa's] Administrator-General in the light of the prevailing circumstances'. Accordingly, the statement continued, the parties believed that it would now be appropriate for the Special Representative, Mr Martti Ahtisaari, and the Administrator-General, Judge M. T. Steyn, to resume discussions 'within the framework of Security Council resolution 435 which endorsed the Secretary-General's report'. The aim of these discussions would be to work out the modalities of the United Nations-supervised elections and to fix a date for them. The five foreign ministers, therefore, intended to recommend to the Secretary-General that Mr Ahtisaari should proceed to Windhoek as soon as possible, and also that the Secretary-General should begin consultations on the composition of UNTAG's military component.

At the same time, the statement made it clear that the South African Government intended to proceed with the internal elections planned for December, which it insisted 'must be seen as an internal process to elect leaders'. Thereafter, however, it would 'use its best efforts to persuade them seriously to consider ways and means of achieving international recognition through the good offices of the Special Representative and the Administrator-General. In implementation of this goal the Special Representative would consult with the Administrator-General on all aspects of the Secretary-General's report (including the fixing of a further election date).' On the other hand, the five foreign ministers said that 'they saw no way of reconciling such elections with the proposal which they put forward and which the Security Council has endorsed. Any such unilateral measure in relation to the electoral process would be regarded as null and void'.

In a separate statement, the South African Government said that there would be no reduction of its troops in Namibia (as provided for in the Secretary-General's report) until there was 'a complete and comprehensive cessation of hostilities'. A continuation of violence, it noted, could delay this indefinitely and, therefore, also the elections. To prevent any party from unilaterally delaying the elections, therefore, a firm election date should be fixed and 'adhered to irrespective of whether there is a cessation of hostilities and a consequent reduction of South African troops'.

In a statement replying to this, the five foreign ministers said that no party could be allowed to delay unilaterally the holding of United Nations-supervised elections. If the agreed election date were put at risk by any failure to carry out the provisions of their proposal, it would be for the Secretary-General to bring this matter immediately before the Security Council, and they undertook to support necessary action in that body. They also undertook to maintain observers in Windhoek during the transitional period and to do 'everything possible to ensure the implementation of the proposals leading to elections on the agreed date'. They were confident that the Security Council would respond promptly and effectively to any threat to the election date and would maintain it, and that there would therefore be no case for any unilateral action.

Commenting on the talks at a press conference in Bonn on 19 September, Dr Owen emphasised the importance of South Africa's recommitment to working for an internationally acceptable solution for bringing Namibia to independence under the auspices of the United Nations. If Mr Ahtisaari and the Administrator-General agreed on an election date, he continued, then 'the significance of the internal elections ... will not provoke as much international upset as at one time looked likely'. The key issue of the negotiations, he thought, would be the extent to which the South African Government demonstrated its firm commitment to the United Nations-sponsored elections. It was very important to everyone in Southern Africa that they should take place and show that liberation struggles could be resolved 'not through the gun but through the ballot box'. This would give hope for 'the concept of negotiations not just in Namibia but also in Rhodesia and also elsewhere in the world with all countries working under the auspices of the United Nations for peace'. He recognised that there were still difficulties ahead, but it was 'now possible to look forward with a sense of optimism and hope, for not just the people of Namibia but also Southern Africa generally'.

Talks in Namibia

Before arriving in Pretoria, Dr Owen, accompanied by Mr Jamieson and Herr Genscher, visited Windhoek in Namibia on 14 and 15 October for talks with Namibian political, church and business leaders. In the talks, the foreign ministers stressed that the results of an internal election would not be accepted internationally. They also emphasised that supervision of a transitional period by the United Nations would be conducted with complete impartiality. Three of the political parties – the internal wing of the South West Africa People's Organisation (SWAPO), the Namibian National Front and the SWAPO Democrats (an offshoot of SWAPO led by Mr Andreas Shipanga, a former member of SWAPO's executive committee) – reaffirmed their support for the United Nations plan and their refusal to take part in internal elections. Two other parties, the Democratic Turnhalle Alliance and Aktur, said they would participate in them. The representatives of the Catholic, Lutheran and Anglican Churches expressed support for the United Nations plan. On 4 October, following a two-day conference, the six major churches in Namibia had sent a letter to the South African Prime Minister pointing out that the plan had the support of the majority of the Namibian people, that the registration process for the internal elections had not been 'fair and free',

and urging the South African Government to accept the plan and thereby avoid escalating the 'terrible and tragic war' in Namibia.

Shorter Notes

COMMONWEALTH OF DOMINICA

On 3 November 1978 the Caribbean island of Dominica became independent as the Commonwealth of Dominica, a republic with a President and a democratically elected Parliament. The country's first Prime Minister is Mr Patrick John, leader of the Dominica Labour Party. Sir Louis Cools-Lartigue, the last Governor, will perform the duties of head of State until a President is elected. On becoming independent, Dominica joined the Commonwealth as its thirty-ninth member.

Dominica has been fully responsible for its internal affairs since 1967 when it became a self-governing state in association with Britain. Under this arrangement, a completely voluntary one which either party could have terminated at any time by procedures laid down in the West Indies Act 1967, Britain remained responsible for external affairs and defence, though in practice considerable executive authority in external affairs was delegated to the Dominica Government (see pp 279-80).

The Governments of both Dominica and Britain have indicated that they wish to continue the ties of friendship and understanding which have developed over the years. Britain will continue to provide the island with substantial development assistance. In October 1978 it agreed to provide £10 million, half in grant form and half as an interest-free loan, for development projects, and another £1 million in budgetary assistance for the period 1979-81. In addition, Britain's regular programme of technical co-operation, for the provision of expertise not available locally and for the training of local personnel, will continue.

For further information see COI reference pamphlet, *Commonwealth of Dominica*, R6405/78.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

Improvements in Britain's financial position, a notable reduction in the rate of inflation, a fall in unemployment and rises in output, productivity and manufacturing investment were among economic achievements described by the Chancellor of the Exchequer on 9 November. He attributed these achievements largely to the Government's counter-inflation policy based on a pay policy working alongside fiscal and monetary policies. The commitment to this policy has been expressed repeatedly by the Chancellor, the Prime Minister and other members of the Government since the publication of the counter-inflation White Paper in July (see p 296). The 5 per cent guideline limit on earnings increases for the pay round beginning on 1 August 1978 was rejected by the Trades Union Congress (TUC) in September. Following this there were discussions between the Government and TUC representatives, but a proposed agreement was not endorsed by the TUC General Council.

In the course of his speech on 9 November the Chancellor also outlined the Government's thinking on the European Monetary System. An Opposition amendment to the Queen's speech condemning the Government's economic policy was defeated by 312 votes to 300 on 9 November, a Government majority of 12.

It was announced on 9 November that Minimum Lending Rate was being increased from 10 per cent to 12·5 per cent.

DEBATE ON THE QUEEN'S SPEECH

The Chancellor of the Exchequer, Mr Denis Healey, spoke on the Government's economic achievements and policy in the debate on the Queen's speech on 9 November. (*Hansard*, cols 1228-47.)

Economic Improvement

The record was encouraging, Mr Healey said. The financial gains of 1977 had been maintained, the pound remained firm, Britain was paying its way in the world and $2,000 million of debt had been repaid to the International Monetary Fund (IMF) ahead of time.

Inflation had been reduced to under 8 per cent, half what it was 12 months earlier and lower than the inflation rate in the United States or France. Because of this and the substantial cuts in income tax during the year, the real living standard of the average family had increased by 7 per cent, one of the fastest increases in a single year since the war.

Unemployment had fallen by 90,000 in the previous 12 months. Output had been rising in 1978 at an annual rate of well over 3 per cent. In the second quarter of 1978 it was 4 per cent above the same period in 1977 and was still rising fast. According to the European Commission, Mr Healey continued, growth would be higher in Britain in 1978 than in any other country in the Community except the Irish Republic. Productivity had been growing fast[1] and so had manufacturing investment. Private manufacturing investment rose in volume by about 13 per cent in 1977 and looked like rising at about the same rate in 1978, twice as fast as in the Federal Republic of Germany. The Confederation of British Industry (CBI) expected a further increase in private manufacturing investment in 1979 as well. It was essential that this should continue if Britain's recovery was to be sustained.

The reason Britain had been able to achieve these substantial improvements in the real economy at the same time as cutting inflation by a half was, in the Chancellor's view, that the Government had combined the right fiscal and monetary policies with an effective policy for pay.

Fiscal Policy

Fiscal policy had been firm and responsible. Cash limits had been maintained for most programmes in the public sector and control of the contingency reserve had been tightened so that public spending was within the plans in January's White Paper (see p 52). The increase in public spending on priority social programmes during 1978-79 had brought real benefits for ordinary families. The annual White Paper on public expenditure would show how the Government intended to distribute the increase of 2 per cent in public expenditure programmes in 1979-80.

Monetary Policy

Monetary policy had been equally successful, Mr Healey continued. In the four and a half years that the present Government had been in office, the

[1]Output per head in the April-June period was 1·75 per cent higher than in the previous quarter, on a seasonally adjusted basis, and 3·75 per cent higher than a year earlier. *Department of Employment Gazette*, October 1978.

rate of growth of sterling M3 – money in circulation and UK residents' sterling bank deposits – had averaged 9·5 per cent a year. Domestic credit expansion had been kept well within the limits which were set out in the Chancellor's letter of intent to the IMF (see p 22, 1976). In the first two years there had been some form of target for sterling M3. In the event growth fell short in the first with 8 per cent instead of 12 per cent and overshot in the second with 16 per cent instead of the target range of 9 to 13 per cent.

In the April Budget (see p 162) the Chancellor had set 8 to 12 per cent as the target range for the growth of sterling M3 in the 12 months ending April 1979. Preliminary figures for April to October showed the rate of growth in the first six months to be below the bottom end of the target range, probably nearer 7 per cent than 8 per cent [in the event, 7·4 per cent]. This lower rate of growth had offset the higher rate in the preceding six months. Mr Healey said that he had now decided that the target range for the 12 months ending October 1979 should also be 8 to 12 per cent. This represented a slight tightening compared with the existing range because the start level was below the range then envisaged.

Interest Rates

The Bank of England's Minimum Lending Rate (MLR) was being raised from 10 per cent to 12·5 per cent. A significant part of this increase, Mr Healey explained, simply validated recent increases in short-term market interest rates in the face of uncertainty about foreign exchange markets, United States interest rates and uncertainty about pay settlements in Britain. Given this uncertainty the Government thought it right to err on the side of prudence by establishing a level of short-term interest rates somewhat higher than at present. Mr Healey said he would expect the short-term market rates to rise by 0·75 per cent or so, some more, some less. These decisions were necessary and they would allow for the essential financial needs of the economy and help to keep inflation at its present level.

European Monetary System

It was in the light of the Government's commitment to a firm fiscal and monetary policy that it was now discussing with European Community partners proposals to establish a zone of greater monetary stability in Europe.

The Government believed that the turbulence of international financial markets had been an important obstacle to growth throughout the world over the last few years, particularly since the weakening of the dollar, which began in mid-1977.

An essential condition of exchange rate stability inside the Community was compatibility in the economic performance of members of the system. A concerted strategy for economic convergence was, therefore, the key to the success of a European Monetary System (EMS).

Studies carried out by the Community on such a concerted strategy formed the basis of commitments entered into at the Bonn summit (see p 294) and the Government felt this concerted strategy for growth without inflation must be further developed in the coming years. Britain intended to play its full part in formulating and carrying out such a strategy as the necessary foundation for a successful EMS. It was necessary if such a system was to be durable that the financial flows arising from the Community mechanisms should help towards this convergence in the economic performance of its members. At present, the net flows of resources brought about by the Community budget and the Common Agricultural Policy did not reflect the relative prosperity of the countries concerned. That was why the heads of Government in Bremen (see p 281) had agreed to study means of producing a less perverse flow of resources within the Community concurrent with discussions on the monetary aspects of the EMS. 'Intervention is worse than useless if the underlying economic conditions are not right.'

The Government started from the firm belief that an EMS must not have a built-in deflationary bias. For this reason the economic and financial obligations it entailed must fall on the economically stronger countries no less than on the weaker ones. Otherwise a greater stability in exchange rates would be achieved only by compelling the weaker countries to adopt unnecessarily deflationary policies, so reducing growth in the Community and, indeed, in the world as a whole. If the proposed arrangement were to be durable, the Chancellor went on, it would need to be significantly different from the existing European joint float, the 'snake', to which Britain, France and Italy formerly belonged. Mr Healey confessed that the Government had serious doubts about the wisdom and durability of the arrangements at present favoured by some of its European colleagues. He hoped they would be able to resolve these problems in the coming weeks. Some of the technical proposals for intervention which had been made had been opposed because of the Government's belief that they might break down in practice and produce greater turbulence rather than greater stability in the exchange markets. It did not, however, regard the intervention mechanism as the beginning and end of an EMS. If it were then the system would not survive for long.

The Government believed that the concept of developing the European currency unit (ECU) into a new reserve asset should be the centre of the system, as suggested at Bremen, and that the existing credit mechanisms in the Community should be further developed to support it. In the Government's view recent experience had shown that far more attention should be given to relationships between the Community system and the wider international system if a zone of monetary stability in Europe was to be achieved.

Because the Government regarded the control of inflation as a precondition for higher growth and lower unemployment, it aimed at stability in Britain's external rate in or out of an EMS. It did not regard the depreciation of sterling as a soft option or as a cure for the country's economic and industrial problems. In answer to a question the Chancellor confirmed that the Government proposed to publish a Green Paper on the EMS.

Pay Policy

Fiscal and monetary policy alone were not likely to control inflation or lead to less unemployment,

Mr Healey went on, unless they were accompanied by moderation in pay settlements. That was why the Government regarded pay policy as an essential 'third leg' of its counter-inflation policy. Mr Healey made clear that 5 per cent had been chosen for the pay guideline because if the general level of settlements came out significantly more than this, the inflation level would not go down. Moreover, any excess would raise unemployment as well as prices.

Referring to the discussions between the Government and the TUC representatives and commenting that they had not been easy, Mr Healey explained that the Government remained of the opinion that its policy was the best means of keeping inflation under control while the TUC was committed not only to voluntary collective bargaining but to the belief that, properly conducted, such bargaining would result in settlements consistent with the objective of controlling inflation (see below).

Prime Minister's View

In the first day's debate on the Queen's speech on 1 November the Prime Minister had said that overcoming inflation remained the core of the Government's policy for sustaining economic growth, reducing unemployment and improving living standards. The Government believed that a limit on earnings increases had an important part to play in bringing down inflation; Government fiscal and monetary policies also had a part to play. Nothing said in the debates that the Government was having with many groups and nothing said by the Leader of the Opposition that day could alter the Government's view that the best figure for pay policy was 5 per cent. This figure could achieve the objective of keeping down inflation but if pay rises could not be contained within this figure the Government would be forced to use other methods, which might include higher taxation, increased interest rates and, possibly, smaller increases in public expenditure than might otherwise have been made. (*Hansard*, 1.11.78, cols 35-56.)

Opposition Views

Speaking at the outset of the debate, Mrs Margaret Thatcher, Leader of the Opposition, had said that pay policies were important but far too little attention had been given to incentive and enterprise. The Opposition shared with the Government the same objective of reducing inflation as a priority, and the same objectives of lower unemployment and a stable currency. In the Opposition's view, the only way ultimately to hold inflation was by firm control of the money supply. In fixing money supply a realistic view had to be taken of the amount of growth there would be in the economy. People must understand, Mrs Thatcher continued, that growth in wages would only come from real output. This was why other countries had done better. It was disputed, she said, whether a fixed percentage for acceptable earnings increases was to be an average or a norm. In the Opposition's view the figure should be an average and could never become a norm except under conditions of emergency. The Government had reached a stage, she said, where, after three phases, a rigid incomes policy would not hold. (*Hansard*, 1.11.78, cols 21-35.)

For the Liberal Party, Mr Emlyn Hooson said that the Government's present policy, so far as it went, was better than that offered by the Opposition. A statutory incomes policy which applied to everyone was, however, fairer in the long run. (*Hansard*, 1.11.78, cols 59-70.)

Opposition Amendment

Moving the amendment for the Opposition on the Government's economic policy, Sir Geoffrey Howe, chief Opposition spokesman on economic affairs, said that the only reason MLR had been increased was that the Government had continued to spend and borrow too much and had to drive up interest rates to raise money. In a healthy economy there was a close relationship between the rate of growth of the money supply and the average general total level of earnings. If one was out of line with the other, then unemployment would rise, or profits and then investment would fall, or the public sector pay bill would become destructively high. It was essential that the monetary imperatives be properly understood.

Sir Geoffrey said that the abandonment of a fixed percentage might be wise but that this should be presented, not as a return to free collective bargaining, but as a difficult but necessary return to realistic and responsible collective bargaining. Herein lay the Government's role; it should seek not to dictate but to guide those following the path back to free collective bargaining. He rejected the need for tighter control of prices, saying that this would increase unemployment. (*Hansard*, 9.11.78, cols 1211-28.)

For the Liberal Party, Mr John Pardoe called for radical changes in industrial democracy at plant level. There had to be an incomes policy that lasted for five years, he said, and one which was both flexible and enforceable; the only way to achieve this was if the workers shared in profits. (*Hansard*, 9.11.78, cols 1276-85.)

COUNTER-INFLATION POLICY

A maximum increase of 5 per cent in the earnings of any group, other than in the case of self-financing productivity agreements and a few exceptional cases, remains the basis of the Government's policy on pay for the period August 1978 to July 1979. Since the publication in July of the White Paper[1] the Prime Minister, the Chancellor of the Exchequer and other members of the Government have on several occasions reaffirmed the Government's determination to stick to this policy.

The White Paper stated that the Government was aiming for a long-term approach whereby collective bargaining was based each year on an agreement between Government, unions and employers on the maximum level of earnings consistent with containing inflation over the following 12 months. At the annual meeting of the TUC in September, however, a motion [contrary to the Government's policy]

[1] *Winning the Battle Against Inflation*. Cmnd 7293. HMSO, 25p. ISBN 0 10 172930 8. (See p 296.)

calling for a return to normal and responsible collective bargaining was carried. The Prime Minister, addressing the meeting earlier, had told the delegates that adherence to the Government's policy would probably lead to a further decline in inflation by the end of 1979 but had warned that if it were breached inflation would be likely to increase, Mr Callaghan reminded his audience that they and the Government were in agreement that inflation eroded the value of earnings, undermined social policies and weakened Britain's competitiveness in international trade. He added that these views were generally accepted in the country as a whole.

Mr Len Murray, General Secretary of the TUC, said, in his speech in the debate on the motion, that the Government and unions were in agreement on objectives but differed as to the means of achieving them. He pointed out that the annual rate of inflation had fallen from 18 per cent a year ago to its present rate of 8 per cent. This was still too high but considerable progress had been made, in which the TUC had played its part. Mr Murray explained that collective bargaining was not the ultimate expression of the workings of a free market, nor was it a prize that the Government could award or withhold conditionally; it was a means of accommodating, in a peaceful and orderly manner, changes in industrial circumstances.

The Government's policy was also rejected on a card vote at the conference of the Labour Party in October. Addressing the conference on 3 October, the day after the vote, Mr Callaghan said that any weakening of pay policy would need to be offset by monetary and fiscal measures.

On 11 October the Economic Committee of the TUC voted unanimously to open exploratory talks with government ministers on counter-inflation and talks were held which resulted in an agreement. However, the agreement was not endorsed by the TUC General Council; the result of the vote on it on 14 November was a tie, 14 in favour and 14 against.

The CBI, at its annual conference in November, voted unanimously in favour of conditional support of the Government's pay target. It was in broad agreement with the guidelines although it had never supported a fixed limit. Sir John Methven, the Director-General, urged delegates to 'continue to support a target, not a norm, in the interests of keeping inflation down'. He added that settlements would have to be around 5 per cent if this were to be achieved but emphasised that there could be no question of supporting a policy involving further price controls.

International Monetary Fund

Problems facing the world economy, ways of alleviating them and the role of the International Monetary Fund (IMF) in the process were the subjects of a statement made by Mr Jacques de Larosière, the IMF's new Managing Director, at the thirty-third joint annual meeting of the governors of the IMF and World Bank Group. At the conclusion of the meeting, Mr de Larosière said that industrial countries had a clear opportunity to bring about a better balance in international payments in the course of the next two years or so, and thus also to reduce the instability of the exchange markets.

The improvement in Britain's rate of inflation, balance of payments, output and manufacturing investment were outlined by the Chancellor of the Exchequer, Mr Denis Healey, in his speech to the meeting. He called for international co-operation to raise the level of world growth, so as to reduce unemployment and improve standards of living. This could be done, he believed, without generating inflationary pressures. He also spoke of the need to improve the workings of the international monetary system on a world-wide scale.

ANNUAL REPORT

In his address to the meeting, held in Washington from 25 to 28 September and recorded in the 2 October issue of *IMF Survey*, Mr de Larosière (who succeeded Mr H. Johannes Witteveen on 17 June) said his remarks would be organised in three parts. First, he would draw attention to some problems of the world economy. Secondly, he would present his views on the economic tasks confronting members; and finally he would conclude with some observations on the role of the Fund.

Some Problems of the World Economy

Mr de Larosière said that, since the last meeting a year ago (see p 429, 1977) there had been some encouraging economic developments. A number of member countries in various parts of the world had achieved better growth and price performances or moved toward adjustment of the external position, often as a result of earlier stabilisation efforts. Substantial progress had been made in overcoming the serious disturbances the world economy experienced during the years 1973-75. But despite these positive aspects of the record, he was sure that the Fund's annual report was right to characterise the past year as one in which developments in the world economy were again unsatisfactory in at least three important respects.

Inflation was still a problem in the great majority of countries. In most of the industrial countries the current rate of price increase was still much too high to be considered acceptable. The persistence of inflation generated fears and uncertainties that confused economic decisions and hampered all aspects of policy-making. Outside the industrial world, the inflation picture was also, on the whole, unsatisfactory. The high rates of inflation which prevailed constituted a serious obstacle to the efficient use of savings on which more rapid economic development was crucially dependent.

In addition to inflation, a principal source of current difficulties in the world economy had been the slow pace of recovery from the severe international recession of 1974-75. Primarily because of this,

many countries throughout the world suffered from a substantial under-utilisation of economic resources, including high levels of unemployment. One of the serious effects of this had been to depress the level of private investment. Moreover, the subdued pace of economic recovery had caused the volume of world trade to rise at a rate of only 4 to 5 per cent a year in the recent period. This contrasted with the average annual rate of 9 per cent that prevailed over the 1960s and early 1970s. In this unsatisfactory environment, protectionist trade practices had been spreading.

Another problem of the world economy concerned the international adjustment process, which had not been working satisfactorily. Mainly as a result of divergent rates of growth of domestic demand among the industrial countries, balances of payments on current account had become badly out of line. Because of this maldistribution of current account balances among the industrial countries, and also because of concern over the policies that had led to it, foreign exchange markets for major currencies had been quite unstable during several prolonged periods in the past year. This instability – through effects on prices, confidence and investment – had doubtless exacerbated the various economic problems confronting national authorities.

The Task Ahead

The problems facing the world economy were both severe and complex Mr de Larosière went on. It would be naïve to suppose that they could be overcome in a short period. This consideration made it all the more urgent to take steps to alleviate the problems. In the main, it was necessary to achieve more convergence in growth rates around a higher average level; more success in the fight against inflation; more stability in exchange markets; and a strengthening of the economies of the developing countries.

The Role of the International Monetary Fund

Mr de Larosière pointed out that in a world economy with such problems and imbalances, and marked by wide diversity of conditions among countries, the International Monetary Fund could play a very important role. The Second Amendment of the Articles provided a solid foundation on which to build the future work of the Fund. For one thing, this Amendment established a framework within which principles and procedures could be devised to deal with international monetary problems.

Despite the efforts being made to achieve greater stability at the national level, there was still a significant difference between the objectives of the amended Articles and the actual state of the world economy. One aspect of this situation had been the continued presence of large payments imbalances.

It was important that the Fund should be in a position to play an active role in dealing with these imbalances, since financing by the Fund contributed to the process of international adjustment. For the Fund to be able to provide such financing on an adequate scale, and without undue recourse to borrowing, a substantial increase in Fund quotas was necessary. He was, therefore, pleased that the Interim Committee had concluded on 24 September in favour of a general increase in quotas of 50 per cent, which would raise the total of quotas to SDR[1] 58,600 million. For the overwhelming majority of individual members, the increases would also be 50 per cent of their present quotas. On this occasion, special increases would be limited to a modest aggregate amount distributed over 11 developing member countries. The details of this proposal would be worked out by the executive board by 1 November, and this should permit the board of governors to take its decision before the end of 1978. Mr de Larosière was also encouraged by the prospect that the supplementary financing facility (see pp 192 and 432, 1977), on which agreement was reached in the Fund over a year ago, would become effective in the near future, thus enabling the Fund to meet the immediate needs of members facing particularly large problems of adjustment.

Over the last year or so, the executive board had also given renewed attention to the question of allocations of SDRs and had come to the conclusion that their resumption was both appropriate and necessary. The Interim Committee had pronounced itself in favour of an annual allocation of SDR 4,000 million for the next three years, 1979-81. Further, it was agreed that various steps would be taken to improve the quality of the SDR as an international reserve asset.

Many members saw a strong interconnection between the two sets of measures relating to international liquidity: quota increases and SDR allocations. He would expect, therefore, that after all the necessary details had been worked out, the decision by the board of governors on SDR allocations would be taken at the same time as that on quotas, towards the end of 1978.

CHANCELLOR'S STATEMENT

Mr Healey opened his speech to the Joint Annual Meeting of the IMF and the International Bank for Reconstruction and Development (IBRD) – the World Bank – in Washington on 26 September by outlining economic developments in the world and more recently in Britain during the four and a half years of his chancellorship. He described these years as covering the most turbulent period in the history of the world economy and of the IMF since the 1939-45 war – a period in which massive imbalances of payments had been the root cause of instability.

During these years the international banking system and capital markets had been more successful than could have been expected in helping to finance the imbalances, the causes of which would yield only to action by governments and by governments acting in concert. The roles of the IMF and the World Bank were, therefore, more important than ever before.

There were now signs, he said, that a move towards a better balance in the world economy was under way. At the Interim Committee meeting in Mexico in April and at the council meeting of the Organisation for Economic Co-operation and Development (OECD) in Paris in June (see p 303) there had been agreement on the need to develop a co-ordinated strategy for fighting inflation and achieving higher growth.

[1]Special Drawing Right (see p 268, 1974).

At the Bonn economic summit in July (see p 294) the participants had committed themselves to specific action in support of such a strategy. Other countries were also making progress and all those involved were now engaged in fulfilling these commitments.

The British Economy

Mr Healey said that the dramatic improvement in the financial situation which he had reported to the meeting in 1977 was now reflected in other areas of Britain's economic performance (see p 394). As a result of this improvement and other changes in the world economy, the coming year should see more convergence in the performance of the various countries present at the meeting both on output and inflation, bringing, at the same time, less imbalance in payments and more stability in currency.

Exchange Rate Stability

Fluctuations in exchange rates regularly went far beyond what would be justified by the underlying economic facts, Mr Healey said. This instability had itself become a major obstacle to economic growth and inadequate growth was, in turn, threatening international free trade, on which growth itself depended.

Despite the frequency with which exchange rates had responded to the judgment of the market, balance of payments problems had remained a major preoccupation of governments. Differences in rates of inflation between the major countries had helped to break up the fixed rate system established at Bretton Woods, but the differences were greater still today. In the 1960s the average rate of consumer price inflation in the seven largest OECD countries had ranged from 2¾ per cent to 6 per cent. The range for the same countries in 1977 was from less than 4 per cent to 17 per cent and, although there had been some improvement in the last 12 months, the range in the first half of 1978 was still from 1 per cent to 13 per cent at an annual rate.

It was obvious, Mr Healey continued, that however great the imperfections of the floating regime there could be no return to the old fixed rate system which had depended so excessively on the United States' readiness, immediately after the war, to assume a role and responsibility which no country could be asked to carry in the modern world. It was impossible even to conceive of improving the present situation unless governments were prepared to work together in producing the structural changes in the world economy which would have to be the foundation for any new monetary order.

Co-operation

Mr Healey said that he believed it was equally important that co-operation for this purpose should be world-wide in scope. Nevertheless it was of course right that countries with open economies particularly vulnerable to fluctuations in exchange rates should seek to create a zone of greater monetary stability by co-operation with one another on a regional basis. This was why the British Government was so concerned to succeed in discussions to establish a European Monetary System (see pp 281 and 395). If this were a withdrawal from the search for a better world system then it would simply produce a new source of instability in the world environment. Mr Healey hoped that the fact that all the European countries had committed themselves to a substantial increase in the resources of the IMF – which he welcomed – would demonstrate their recognition of this.

Britain and the IMF

Mr Healey went on to give his views on the major decisions taken by the IMF. In his opinion the last quota increase had been long overdue. Even now the IMF's liquidity was not at a high level by historical standards. It remained vulnerable to substantial drawings by large members and 60 per cent of the IMF's usable resources were held in the currencies of only five members. Meanwhile the right of governments to borrow from the IMF had declined markedly over the last ten years in relation to the volume of trade these borrowings might have to help finance. In 1967 borrowing rights were equivalent to almost 10 per cent of world trade. Even following the recent quota increase, borrowing rights now represented only 3·7 per cent of the latest forecast for world trade in 1978. Britain's quota in relation to imports fell over ten years from 15·6 per cent to 5·8 per cent and for many others the fall was greater. There had also been a similar decline in borrowing rights in relation to debt. For example, the external debt of the non-oil producing developing countries increased from $32,000 million to over $110,000 million between 1967 and 1976. The quotas for these countries rose less than 50 per cent over the same period from SDR 4,700 million to SDR 6,700 million.

The Chancellor stressed how important it was that the IMF should be able to offer its members a level of assistance which would persuade them to approach it at an early stage. This would become more important still if the international capital markets became less able or willing to stabilise the adjustment process than they had been in recent years.

It was important, moreover, that the IMF should possess an adequate supply of its own resources which would be constantly renewed as members repaid their balances. Mr Healey therefore warmly welcomed the Interim Committee's decision to press for a 50 per cent quota increase in the seventh review. For the same reasons he also welcomed the proposal to increase unconditional liquidity through a new allocation of SDRs.

The World Bank

It was no less important, Mr Healey said, to increase the resources of the IBRD. The Fifth Replenishment of the International Development Association (IDA) when implemented in full would allow lending to the poorer developing countries to grow in real terms until 1980. He hoped that the meeting would now aim to reach agreement quickly on a Sixth Replenishment which would be larger in real terms than the fifth, so that the work of the IDA might continue without pause. The meeting should also act quickly, Mr Healey went on, to put the World Bank in a position to continue expansion of its lending programme at the substantial rate required. Over the last ten years the Bank's loan commitments had increased sixfold in nominal terms, an annual

average increase of around 23 per cent. He regretted that it had not yet proved possible to complete the general capital increase to double the present level by the summer, which he had hoped for at last year's meeting. The need for agreement on such an increase was now urgent if this growth rate were not to be checked. (See also p 401.)

Bilateral Aid

Mr Healey said he wanted to see the persistent balance of payments surpluses of some countries corrected. He believed they hampered world growth and were as damaging to the countries concerned as to other countries. Until a state of greater balance could be achieved he hoped that the major surplus countries would be able to increase their exports of capital to the benefit of the rest of the world.

So far as Britain was concerned, following the conclusions reached at the UNCTAD Trade and Development Board to adjust the terms of past aid loans to the most needy countries, Britain had in effect converted its past aid totalling some £900 million to 17 of the poorest countries from loans to grants (see p 304) and was increasing its aid programme by 6 per cent a year in real terms.

Conclusion

In conclusion Mr Healey said that for the next five or ten years he saw two major areas where it was necessary to develop new policies as part of a co-ordinated strategy. First the level of growth must be raised so as to reduce unemployment and improve living standards. Mr Healey believed that this could be done without refuelling inflation, given the fact that most of the countries represented at the meeting were operating well below capacity. Secondly, the workings of the international monetary system must be improved on a world-wide scale. This was desirable in its own right and would also create an essential condition for non-inflationary growth. In both these courses of action the IMF and the IBRD must play a central role.

World Bank Group

The measures necessary to achieve the 'two fundamental objectives' of development policy – 'to accelerate overall economic growth in the developing countries' and 'to reduce the massive dimensions of absolute poverty' existing in many of them – were outlined in a recent speech by the President of the World Bank Group, Mr Robert McNamara. The annual reports of the Group's three institutions – the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA) and the International Finance Corporation (IFC) – for fiscal 1978 (1 July 1977 to 30 June 1978) were published in September.[1]

[1]*World Bank Annual Report 1978*, Washington DC; *International Finance Corporation 1978*, Washington DC.

THE PRESIDENT'S ADDRESS

Addressing the annual meeting of the Board of Governors of the World Bank Group on 25 September, Mr McNamara pointed out that projections in the recently published *World Development Report, 1978*[1] indicated that over the period 1975-85 the low-income countries (those with an income *per capita* below $250 a year in 1976) could increase their overall economic growth rate from some 4 per cent to about 5 per cent a year, while the middle-income countries could sustain their current growth rate of about 6 per cent annually. The achievement of these targets, however, depended on increased effort and constructive policy changes by both developing and developed countries.

Measures by Developing Countries

The developing countries, Mr McNamara explained, would need to mobilise even greater domestic savings than they did already. This would necessitate reforms in a number of sensitive areas of public policy, and would involve changes in taxation policies, more realistic prices for public sector products and services, restraint in low-priority government expenditure, and increased incentives for private savings. In addition, they would need to expand their export programmes in order to increase foreign exchange earnings, and to raise agricultural productivity. In particular, he emphasised, the low-income countries needed at least to double their agricultural growth rate from 1·5 per cent to 3 per cent a year; a difficult but attainable goal.

By themselves, however, these measures would not enable the developing countries to achieve the level of economic growth envisaged in the *World Development Report*. For this, they also needed a more realistic level of support from the developed countries with regard to trade policies, private capital flows and concessional funds.

International Trade

The modest annual growth rate envisaged in the report for developing countries' exports – from 5·9 per cent to 6·4 per cent – would be impossible, Mr McNamara stated, 'if the protectionist barriers erected by the developed nations against the manufactured exports of the developing countries continue to rise as they have done recently'. A new threat of protectionism, he warned, was gathering momentum. This was both inequitable and short-sighted, since not only did it deny the developing countries 'the only long-range economic strategy that can ultimately decrease their dependence on foreign assistance', but prevented them earning the foreign exchange with which to import more goods and services from the industrialised world. The net effect of imports from them on employment in the developed countries, Mr McNamara added, was beneficial, though he recognised that problems could arise in individual firms or particular product lines. In these cases, however, what was required were practical adjustment measures, not broadside protectionist barriers that only made reasonable and mutually advantageous adjustment more difficult.

[1]Published by the World Bank in August 1978.

He called, therefore, for a more rational framework of trade relations through which excessive barriers could be more rapidly dismantled, and more explicit criteria could be established governing those measures required to deal with strictly temporary difficulties. It was necessary also for the industrialised nations to devise adjustment procedures to ease the shift of capital and labour away from marginal industries into more competitive and productive sectors.

Capital Flows

The adequate flow of capital to finance high-priority development projects in the middle-income countries was essential, Mr McNamara said, and prudent borrowing from the private capital markets was an indispensable ingredient in meeting that financial requirement. Over the period 1975-85 an increase in net private flows from $26,000 million to $80,000 million was envisaged in the *World Development Report*, with a corresponding increase in outstanding debts from $84,000 million to $350,000 million. Mr McNamara recognised that the indebtedness of developing countries was already a cause for concern, but pointed out that the dangers lay not so much in the absolute amount of the debt but in the generally burdensome maturity structures and in liquidity problems that would affect only a limited number of borrowers. These, he went on, could be significantly reduced by lengthening the average maturities of the loans – in part through more co-financing between private sources and official development institutions; by increasing the number of commercial banks, particularly in Europe and Japan, that engage in developing world financing and thereby reducing excessive volatility in the international capital market; and by increasing the number of developing countries served by the capital market (at present 70 per cent of the debt is owed by 12 countries) and thus make the market less sensitive to developments in only a few.

Concessional Flows

With regard to the poorest developing countries, Mr McNamara said that, if they were to attain a real annual growth rate of 5 per cent over the period 1975-85, there had to be an end to the virtual stagnation in the flow of official development assistance to these countries. In relation to their combined gross national product (GNP), he pointed out, the official development assistance provided by members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development had decreased from 0·52 per cent in 1960 to 0·31 per cent in 1977. This was due chiefly to the poor performance of the three most affluent members, the Federal Republic of Germany, Japan and the United States, none of which had attained half of the United Nations target of 0·7 per cent of GNP for such flows, and all of which had fallen farther and farther behind since 1970. Mr McNamara recognised that the three countries had recently pledged themselves to reverse this trend, but added that unless very substantial increases in commitments – more than sufficient to keep pace with inflation and growth of GNP – were undertaken in the next year, and regularly thereafter, the poorest nations would not fulfil their growth prospects.

Poverty and Development

Economic growth, Mr McNamara continued, was an absolutely necessary condition for reducing poverty, but was not itself a sufficient condition. Thus, even if, as a result of the measures described, the growth rates of the *World Development Report* were achieved by 1985 and that growth continued for another 15 years, there would still be some 600 million people 'trapped in absolute poverty' at the end of the century. This was because the present economic structures did not enable the benefits of growth to reach the poor who remained largely outside the entire development process. The only feasible way of reducing poverty, Mr McNamara argued, was to assist the poor to become more productive themselves, and to ensure that they had adequate access to essential public services – clean water, basic education, preventive medical care, electricity, public transport – which were fundamental to their health and productivity. Each developing society would have to formulate specific anti-poverty objectives at national, regional and local levels; prepare operational programmes to attain these objectives over a reasonable time; and determine the level of resources required to meet the minimum goals. Such programmes, he added, would cut across many entrenched interests and would require sustained political courage to implement. If they were to succeed, it would be necessary for the developed countries to exercise comparable political courage in committing generous assistance to support them.

The World Bank's Role

To enable the World Bank Group to contribute fully to the development process in the immediate future, Mr McNamara called for early decisions regarding an increase in the capital stock of the IBRD and the beginning of negotiations for the Sixth Replenishment of the IDA's resources. Without an increase in the IBRD's capital, he explained, the lending programme for fiscal 1979 would have to be cut from $7,600 million to some $6,000 million, and in future years new commitments would not exceed $6,000 million in nominal terms. In real terms, this meant a decline of 6 per cent a year: a major reversal of the 5 per cent per annum increase assumed in the growth projections of the *World Development Report*. The IBRD was the largest single source of development assistance, and to curtail its lending operations would leave developing countries to face a choice between reducing their growth rates or increasing still further their dependence on potentially volatile private capital flows. To enable IBRD lending to increase at a rate of 5 per cent in real terms, he added, an increase of between $30,000 million and $40,000 million in its capital stock was required.

Although the funds provided under the IDA's Fifth Replenishment (see pp 433-4, 1977) would not be fully committed until June 1980, the lengthy time required to reach a negotiated agreement, and to secure legislative approval, regarding replenishments made it essential that negotiations for the Sixth Replenishment should begin soon. In view of

the critical need of the poorest developing countries for more adequate flows of concessional finance, he hoped that a substantial increase in the IDA's resources in real terms would be supported by all member governments. (See also p 399.)

ANNUAL REPORTS

The annual reports for fiscal 1978 show that development commitments by the Group's three institutions totalled $8,749 million, more than in any previous year and $1,476 million above the level of the previous year. Of the total, $6,098 million took the form of 137 IBRD loans to 46 countries, $2,313 million consisted of 99 IDA credits to 42 countries, and $338·4 million represented 41 IFC investments in 31 developing countries. Bank disbursements rose by $151 million to $2,787 million, but the IDA's fell by $236 million to total $1,062 million. Primarily because of reduced disbursements, net transfers of resources by the IBRD and IDA to member countries fell by $480 million compared with fiscal 1977 to total $1,598 million.

In fiscal 1978, as in the three previous years, the sector receiving the most support was agriculture and rural development (see Table 1) which accounted for 58 per cent and 32 per cent respectively of new commitments by the IBRD and IDA. The funds committed, some $3,270 million, brought the total provided in this sector for the period fiscal 1974-78 to some $10,020 million. This was almost double the amount provided in the previous five years and, in real terms, 35 per cent greater than the target of $4,400 million set by Mr McNamara in his major speech in 1973 on poverty and rural development (see pp 394-5, 1973). Of the 363 projects involved, at least 75 per cent contained a small farmer component. Moreover, over 50 per cent of the funds went to 210 rural development projects which, by the World Bank's definition, are those projects in which more than half of the direct benefits are expected to accrue to the rural poor. The total number of beneficiaries from all 363 projects was estimated to total some 19 million farm families, about 115 million people in all. Of the 88 projects approved in fiscal 1978 alone, some 28 million of the 43 million direct beneficiaries were expected to be rural poor.

About $250 million of the IFC's investments was provided for the establishment of new enterprises and $71 million for the expansion and modernisation of existing concerns. The balance, $4 million, involved the exercise of stock rights and went to assist companies mobilise additional capital. Of the projects, 16 were in light manufacturing, of which half were companies producing basic consumer goods; 10 were for development finance corporations or capital market institutions; 8 were for extraction and related processing industries; and 7 were for agriculture and food processing. Over 20 types of businesses were represented in the projects approved.

A principal object of the IFC is to act as a catalyst by which other funds, local and foreign, may be obtained to support projects in which the IFC is investing. In fiscal 1978, other investors committed $1,447 million to IFC supported projects. Taking into account $140 million financed by cash generation, the total cost of the projects was $1,872 million. This raised the total cost of IFC supported projects at the end of June 1978 to $10,904 million.

In 1978 the IFC's authorised capital was increased by $110 million to $650 million, and this will enable it to intensify and diversify its assistance to developing countries.

Table 1

IBRD/IDA Lending by Sector in Fiscal 1977

$ million

	IBRD	IDA	Total
Agriculture and Rural Development	1,929·0	1,340·7	3,269·7
Education	268.9	83·0	351·9
Industrial Development and Finance	829·5	80·4	909·9
Industry	364·8	27·0	391·8
Population and Nutrition	25·0	33·1	58·1
Power	900·0	246·2	1,146·2
Telecommunications	153·6	67·5	221·1
Transport	918·1	174·8	1,092·9
Urban Development	222·4	146·2	368·6
Water Supply and Sewerage	345·4	29·8	375·2
Other	141·0	84·3	225·3
TOTAL	6,097·7	2,313·0	8,410·7

Table 2

IBRD/IDA Lending by Region in Fiscal 1976–78

$ million

	1976	1977	1978
Eastern Africa	440·6	572·2	560·3
Western Africa	450·1	392·1	509·3
East Asia and Pacific	1,458·5	1,475·0	1,726·2
South Asia	1,349·2	1,164·2	1,648·9
Europe, Middle East and North Africa	1,485·6	1,570·1	1,855·9
Latin America and Caribbean	1,448·4	1,893·2	2,110·1

Offshore Oil and Gas and the British Economy

New official estimates show the increasingly significant contribution of North Sea oil and gas to the British economy, in terms of income and the balance of payments, and the substantial rise expected in the next few years.

ESTIMATES

The estimates are contained in an article 'The North Sea and the UK Economy' in the Treasury's *Economic Progress Report* for October 1978.[1] Forecasts are given of income arising from Britain's offshore

[1]Available free from PDSD Distribution Unit, Central Office of Information, Hercules Road, London SE1 7DU.

Table 1

Estimates of the Income arising from Britain's Oil and Gas Production

£ billion at 1977 prices

	1977	1978	1979	1980	1985
Oil and gas sold	2·6	3·4	5·3	6·5	8 3
Goods and services bought outside the sector	0·4	0·4	0·5	0·6	0·9
Employment income	0·1	0·1	0·1	0·1	0·2
Royalties plus profits before tax	2·1	2·9	4·6	5·8	7·2
of which interest, profits and dividends due overseas	*0·4*	*0·8*	*1·2*	*1·5*	*0·8*
Gross national product at market prices arising within the sector*	1·7	2·2	3·5	4·4	6·6

* Comprises the sum of the figures for employment income and royalties plus profits before tax, less interest, profits and dividends due overseas.

Note: Sums of the component parts may differ from the totals because of rounding.

Table 2

The Estimated Contribution of North Sea Oil and Gas to Britain's Balance of Payments

£ billion at 1977 prices

	1977	1978	1979	1980	1985
Oil and gas sold, at equivalent import value	4·5	5·0	6·8	8·1	10·2
Imports of goods and services directly for the North Sea programme	1·2	1·1	1·0	0·9	0·7
Interest, profits and dividends due overseas	0·4	0·8	1·2	1·5	0·8
Net contribution to the current account*	2·9	3·2	4·5	5·7	8·6
Net effect on the capital account	1·3	1·1	0·9	0·4	—0·1
Net effect on the balance for official financing	4·2	4·3	5·5	6·1	8·5

* Oil and gas sold, at equivalent import value, less imports of goods and services directly for the North Sea programme and interest, profits and dividends due overseas.

Note: Sums of the component parts may differ from the totals because of rounding.

production of oil and gas, and of capital expenditure for this sector, and the benefits of North Sea oil and gas to the British balance of payments are considered. Current estimates are compared with those given in the August 1977 edition of *Economic Progress Report* (see pp 350-1, 1977).

Income from Oil and Gas Production

Income arising in the offshore oil and gas sector is forecast to increase from £1·7 billion[1] in 1977 to £4·4 billion in 1980 and to £6·6 billion in 1985 (see Table 1), a steeper rise from a lower base than predicted in the previous estimates. The changes reflect the new estimates for oil output which are based on production being around the lower end of the range given in *Development of the Oil and Gas Resources of the United Kingdom 1978* (see p 176) in the early years of the period and near to the upper end of the range for the early 1980s. The article notes the considerable margins of error in this type of exercise and says that the results are sensitive to the assumption about the sterling price of oil which, for the forecasts, is taken as remaining constant in real terms from 1980 to 1985 at its average 1977 level.

Government receipts from taxes and royalties from the North Sea are included in the final line of Table 1. Up to the end of March 1978 the Government had received about £420 million in corporation tax and royalties. Receipts are expected to rise to about £550 million in 1978-79 comprising royalties of some £355 million, the first payments of petroleum revenue tax (PRT) amounting to some £170 million and corporation tax of £25 million. As the allowances against PRT are used up, revenue is expected to rise fairly quickly and by the mid-1980s annual revenue should be about £4·5 billion at 1977 prices. This takes account of the proposed changes in PRT (see pp 299-300) which are expected to increase revenue in 1979-80 by about £150 million and in the years up to the mid-1980s by about £2 billion on a total of between £20 billion and £25 billion at 1977 prices.

[1] £1 billion = £1,000 million.

Capital Expenditure

Investment is forecast to continue at around £2 billion a year at 1977 prices up to 1980 and thereafter to decline to £1·1 billion by 1985. A rather higher level of investment in 1978 and 1979 and a slower decline to 1985 are expected compared with the 1977 estimates as a result of the increased investment believed necessary to bring fields on stream and of changes in the timing of the development of some fields.

Balance of Payments

Offshore oil and gas have already brought substantial benefits to Britain's balance of payments and contributed to the improvement in the current balance in 1976 and 1977 (see pp 130-1). Table 2 gives

estimates of the future effects on the balance of payments on a different basis from previous estimates, notably in giving the contribution of gas as well as that of oil and in presenting only the most direct and identifiable contributions. The biggest single effect is the reduction in net energy imports as North Sea oil and gas replace imported fuels. Accordingly, for oil the direct contribution is taken as the sales value of North Sea oil production and for gas the value of distillate oil, the nearest comparable imported fuel. The net contribution of offshore oil and gas to Britain's current balance is predicted to rise from almost £3 billion in 1977 to some £8·6 billion in 1985. Up to 1981 the increase is mainly attributable to rising oil production and thereafter to the expected decline in interest, profits and dividends due overseas.

European Airbus

The British Government has endorsed arrangements for British Aerospace to become a full member of Airbus Industrie, the multinational consortium, from 1 January 1979.

The Secretary of State for Industry, Mr Eric Varley, sent messages on 27 October to M. le Theule, the French Minister of Transport, and Herr Gruner, the Federal German Parliamentary State Secretary for Economic Affairs, informing them that the Government had endorsed the arrangements regarding British Aerospace's membership of Airbus Industrie worked out in Paris earlier in the week. The messages indicated that from the British standpoint the way was now clear for British Aerospace to become a full member of the consortium from the beginning of next year. The arrangements will include an agreement on the principles of co-operation between Governments on the Airbus programme. A detailed intergovernmental agreement, analogous to the 1969 agreement between the French and Federal German Governments (see p 45, 1969), will be concluded in due course on the basis of these principles.

The agreement on principles of co-operation includes provisions which should furnish opportunities for the British aviation equipment industry and Rolls-Royce to participate suitably in the Airbus programme.

Negotiations regarding the possibility of British Aerospace becoming a full member of Airbus Industrie have been proceeding for several months. On 18 August British Aerospace initialled an industrial agreement with Aérospatiale and Deutsche Airbus (the two main existing members of Airbus Industrie), subject to the endorsement of the three Governments concerned. On 31 August the British Government announced its endorsement of the agreement and its hope that the Governments of France and the Federal Republic of Germany would give a similar approval (see p 329). Since then there have been intensive discussions at governmental level.

British Construction Overseas

Some £2,600 million was earned overseas in 1977-78 by the British construction industry and its related professions and suppliers, an increase of about £440 million on the previous year. Consulting engineers, architects and surveyors contributed £380 million, and export sales of building materials, plant and machinery, £1,800 million; most of the balance came from British contractors working abroad, and from their overseas branches and subsidiaries.[1] In addition British designers, consulting engineers, architects and surveyors working for British firms and for overseas firms again increased their contribution to Britain's overseas earnings.[2]

BUILDING AND CIVIL ENGINEERING

British contractors carried out overseas work worth £1,609 million in 1977-78, a rise of £330 million on the previous year. By March 1978 they had over £2,300 million of work in hand and in 12 months had won new overseas contracts worth £1,922 million (at today's prices) in over 100 countries. The value of contracts awarded was £219 million higher than in the previous year and was achieved against a background of increasing competition and protectionism.

As the table shows, the most important market for British contractors working overseas is the Middle East which accounted for over half of all new contracts won. In Europe contracts were more than trebled while in the Americas the considerable progress made in 1976-77 was sustained. New contracts in Africa increased but the value of new contracts in Asia fell.

Details of some major contracts are given below.

The Middle East

Among the contracts awarded was one worth £225 million given to Laing Wimpey Alireza for further work at the civil airport of Abha in Saudi Arabia; the work will include the extension of the main runway and the construction of a 3,500-metre taxiway, a high-speed turn-off area, blast pad and associated works. The building works will include the extension of the power station, the housing for a radio transmission station and the construction of a maintenance building for Saudi Arabian Airlines.

Also in Saudi Arabia, Costain International has been awarded a contract to build a container terminal (a turnkey project) at the Islamic Port of Jeddah. A joint venture of Costain International Ltd and Amey Roadstone Construction has been given a contract to build a new airport at Hodeidah in the Yemen Arab Republic.

The Oil Service Company of Iran has awarded a contract of over £10 million to a joint venture comprising Fairclough International Construction Ltd and the General Mechanic Company of Tehran; it covers road construction and civil engineering for a major gas injection project at five locations in the Gach Saran oilfield.

[1] See *Trade and Industry*, 20.10.78.
[2] See *Trade and Industry*, 25.8.78.

Construction Work Overseas
Years ended 31 March

£ million

Area	Value of new contracts obtained		Value of work done		Value of work outstanding	
	1977*	1978†	1977*	1978†	1977*	1978†
Europe	81	272	71	120	130	278
of which European Community	8	136	15	11	8	133
Asia	1,015	874	647	851	1,214	1,088
Africa	362	543	357	416	584	674
America	140	139	112	123	95	110
Oceania	105	94	92	99	179	178
World Total	1,703	1,922	1,279	1,609	2,202	2,328
of which Middle East	874	1,026	627	802	1,070	1,180

*Revised
†Provisional

Tarmac International has been awarded a contract by the Ruler of Sharjah to lay water piping across the desert from Tawi Muhadab to the coastal township of Hamriyah and to erect an elevated water tank of over 13,500 hectolitres (297,000 gallons); another project awarded to the same company is an addition to the Sharjah main drainage scheme on which Tarmac has been working for some years.

A harbour, control tower, workshop buildings, and accommodation for staff and crews is being constructed by Higgs and Hill Bahrain Ltd for the coastguard services at Muharraq in Bahrain. Boulton and Paul Steel Construction is erecting a grandstand for the Bahrain Equestrian and Horse Racing Club, and the new 16-storey, 240-bedroom, Gulf Hotel in Manama for the Bahrain Hotels Company.

G. and T. Construction, in which Tarmac International has a 50 per cent interest and management responsibility, has been given a two-and-a-half year contract to build one of the largest commercial and residential complexes of its kind in the Gulf in the Deira central area of Dubai; the same company was awarded a contract for civil engineering and building works associated with the construction of a new aluminium extrusion plant near Dubai.

Work has begun on the construction of a medical pavilion in Abu Dhabi for Sheikh Zayed bin Sultan al-Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi. Awarded to Bernard Sunley and Sons (Middle East), the value of the contract is £2·5 million; the pavilion will be fully air-conditioned and fitted out with the most advanced medical equipment available. Sunleys also won a £14 million contract to construct a residential complex for the Abu Dhabi National Oil Co to be built on the Abu Dhabi Corniche next to the Hilton Hotel.

Africa

Under a management fee agreement in excess of £35 million, Higgs and Hill is to build the Cairo Plaza development project on the banks of the Nile near the centre of the city; when completed the project will consist of two 39-storey blocks for use as offices and apartments, and a shopping, exhibition and conference centre with an underground car park.

A contract worth £23·8 million has been awarded to the Nigerian subsidiary of John Laing International for the construction of army barracks at Bama in Borno State, Nigeria; when completed the complex will have its own water and power supplies, and recreational and medical facilities.

An £18 million contract for the building of a road system in Sudan has been granted to Sir Alfred McAlpine and Son AG, a member of the Sir Alfred McAlpine group of companies; it will provide access to the Rahad irrigation project which is designed to irrigate an area of 126,000 hectares (311,300 acres) of semi-desert on the east bank of the Rahad river, some 180 to 300 km (110 to 190 miles) south-east of Khartoum. The road system will consist of 80 km (50 miles) of spine road and 80 km (50 miles) of feed roads.

In Kenya, Fairclough Ltd has been awarded an extension to its contract for the construction of a berth in Mombasa Harbour; the extension is for dredging work valued at nearly £3 million.

Rest of the World

In South America, Arcon Building Exports Ltd has won a contract for the design, procurement and construction management of a textile mill complex to be located in the Industrial Park, Santa Cruz, in the Republic of Bolivia. The contract also comprises architectural and civil engineering design, including main drainage and railway sidings, and the installation of all mechanical and electrical services; Phillips Consultants Ltd is responsible for the civil engineering design, and Taylor Woodrow Construction for the mechanical and electrical services.

A contract has been awarded to En-tout-cas Ltd for the surfacing to full international standard of the track at the Sydney Athletic Field.

THE CONSULTING PROFESSIONS

In 1977 British designers, consulting engineers, architects and surveyors again increased their contribution to Britain's overseas earnings, both by expansion in countries where they were well-established and by extending in other areas. The

three professional associations (consulting engineers, architects and surveyors) have made a review of achievements in 1977 which appeared in *Trade and Industry* on 25 August.

Consulting Engineers

At the start of 1978 British members of the Association of Consulting Engineers were responsible for projects (for British and overseas firms) worth £31,000 million in 152 countries, a record figure. Some of these projects are described below.

Binnie and Partners have designed three large water treatment works which are under construction – two in India and one in Turkey. The Indian projects are designed to provide for the first time a fully treated supply of potable water for the city of Bombay. The works in Turkey is being built to treat water from two reservoir sources for the city of Ankara.

A £5 million earth embankment dam project to increase water supplies to the town of Kaduna in Nigeria has recently been completed by Ward Ashcroft and Parkman (Nigeria); it will ensure that water can be supplied to the town during periods of severe drought and enable it to be stored to irrigate a strip of land.

Also in Nigeria a new trunk road of 130 km (81 miles) has been designed by Allott and Lomax of Sale, Manchester. Commissioned by the Federal Government of Nigeria, the route runs across a remote tropical rain forest and virgin jungle, and links two market towns and a university town. Allott and Lomax also designed and is supervising the construction of a silica-lime brick plant in Kuwait for the National Industries Company in conjunction with Donald Smith, Seymour and Rooley.

A £707 million project (at 1975 prices) undertaken by Sir William Halcrow and Partners is the commercial harbour development at Jubail on the coast of the Gulf; the commercial harbour contracts involved construction of two breakwaters, a deep-water quay, substantial reclamation and 16 deep-water berths, including a two-berth container terminal. A separate industrial harbour worth £713 million (also at 1975 prices) is also being built to serve an industrial estate at Jubail.

Other studies in the Middle East include a design for the Jahra district centre in Kuwait consisting of a mixed development of housing, commercial premises, four large multi-storey car parks, town halls, a theatre, a library and offices. The centre of the project will be designed as a large pedestrian piazza containing a spacious mosque. Another feature of the design is a large central chilled-water plant to serve the whole of the centre which will eventually have a population of 130,000, twice the present number. Donald Smith, Seymour and Rooley is the mechanical and electrical engineering consultant and forms part of the consortium of British firms led by White Young and Partners.

Conseco International, along with British architects and quantity surveyors, is engaged on the Petroleum Tower in Cairo designed to house all Egyptian petroleum interests. The same firm is in charge of a project in Jeddah, Saudi Arabia, consisting of a new headquarters and laboratories for the Directorate General of Mineral Resources of the Ministry of Petroleum and Mineral Resources.

Other projects involving British consulting engineers included a giant new cement plant in Morocco (Oscar Faber and Partners/Blue Circle Industries Ltd), plants for the Venezuelan steel industry (W. S. Atkins and Partners), the completion of two dry docks (one in Singapore and the other in Greece – T. F. Burns and Partners), and a £30 million capital works programme for the development of water supplies in Mauritius (John Taylor and Sons).

Architects

Whereas in previous years the Middle East provided the bulk of the work, British architects' activities now span many countries and several continents.

A joint team of British architects, planners, engineers and economists from the John S. Bonnington Partnership and John Laing Design Associates was the prizewinner in a planning competition for the development of the Port Saeed District Centre in Dubai; the heart of the design is the commercial part comprising a shopping centre, a theatre, cinemas, offices and restaurants, and a street market; there are also new cultural buildings including an Islamic cultural centre and mosque, a state library, and a museum and art gallery.

Hotel work is the speciality of Garnett Cloughley Blakemore which has several overseas projects including those in Bahrain, Cairo and Monte Carlo. Hotels being constructed or designed by Morrison Design Partnership include those in Bandar Pahlavi (Iran), Jeddah, Abu Dhabi and Kuwait.

Hospital and other health care buildings are an important part of overseas work by British architects. In Canada, the firm Brewer Smith and Brewer Maxwell has worked on the redevelopment of a large teaching hospital and other buildings; in Australia it is developing a major specialist hospital for paediatric medicine. Llewelyn-Davies Weeks designed the general hospital in Singapore, the first phase of which opened for clinical work in 1976. In Thailand the firm was concerned in the design of a 500-bed teaching hospital and medical school being built for the University of Khon Kaen, and in Adelaide, South Australia, the third phase of the Flinders medical centre, planned by the firm in 1971, is under construction. International hospital planning consultant, Donald A. Goldfinch Associates, has continued its extensive programme of projects in Saudi Arabia, Egypt and Greece; among these is a feasibility study and design for a new district general hospital in Greater Athens.

In Europe the European Investment Bank building in Luxembourg has been designed by Denys Lasdun Redhouse and Softley and is under construction.

Sport and leisure projects designed by British companies include the Dubai leisure centre which is the most modern complex of its kind in the Gulf area and is designed by SBT Middle East, the overseas practice of Scott, Brownrigg and Turner. Another project is the Sharjah sports club comprising grassed football pitch, a swimming pool, sports hall, gymnasium and associated social facilities; this was completed by Robert Matthew, Johnson-Marshall and Partners. Two sports and recreation centres by Slater Hodnett and Partners are under construction

for the Saudi Arabian presidency of youth welfare.

An important housing design is the Saudi Arabian national housing scheme at Jeddah where Yakeley Associates are involved in two separate high-rise developments costing some £550 million. The Government of Bahrain has appointed Robert Fawcett to advise on its housing programme; the firm is also undertaking work for overseas companies in Italy, Iran, Abu Dhabi, Nigeria, Saudi Arabia, Jordan, Algeria, Sudan and Libya.

Educational building design includes a library for the University of Ghana, and a lecture block, library and faculty building for the University of Louvain-Le-Neuve in Belgium – both being designed by Shepheard Epstein and Hunter. James Cubitt and Partners have completed the first three phases of the University of Garyounis at Benghazi and phase two (comprising student residential accommodation) at Al-Fateh University in Tripoli, Libya.

Examples of other work by British architects include the arts building for Trinity College, Dublin, the design of two supermarkets in Bahrain and Sharjah, the headquarters of the Amalgamated Engineering Union in Australia, and design for new buildings at Mombasa Airport, Kenya.

Surveyors

British-based survey and mapping organisations have been working on a wide range of projects in the past 12 months and a number of major contracts have been won in the Middle East. One of these, valued at over £3 million, involves air-photography, land surveys and mapping required to evaluate the land and water resources of the eastern region of Saudi Arabia. In the United Arab Emirates a £1·5 million contract has been won involving geophysical surveys and geological mapping for the Ministry of Petroleum and Mineral Resources. Other Middle East projects include ground surveys for new and improved road schemes in the United Arab Emirates, surveys for motorway projects in Kuwait, and major control surveys and map up-dating for the Tehran/Tabriz railway project in Iran. In Africa British land survey involvement includes projects in Nigeria, airborne geophysical surveys for mineral and oil exploration in Madagascar, plantation surveys in the Ivory Coast, and aerial and ground surveys for major irrigation schemes in Somalia. British land surveyors carried out surveys to assist tunnel alignment in the new Hong Kong mass-transit underground railway project.

As part of a planning assistance project financed by the United Nations development programme, British chartered quantity surveyors are advising the Sudanese Ministry of Construction and Public Works on the development of the country's national building programme while other countries employing British quantity surveyors include Iran and Saudi Arabia. In the United Arab Emirates quantity surveying and cost consultancy services are being provided for such projects as three new gas liquefication plants, the £600 million national assembly hall and the £10 million trade centre in Abu Dhabi, hospitals, sports centres and the new sports city in Dubai, and the £47 million Galadari corniche hotel and apartment complex in Dubai. Other Middle East projects include development of the naval base at Qatar, accommodation for the Qatar Steel Company, cost consultancy for the £100 million sports city in Saudi Arabia, advice on design, building and engineering works at a postal complex in Riyadh, and a £14 million hospital in Egypt. British firms are also acting as quantity surveyors for the £100 million Jahra district centre in Kuwait.

Quantity surveying in Europe includes project management of a warehouse in the Federal Republic of Germany and cost advice for an £8 million hospital redevelopment in Spain. In South America several firms have taken on assignments particularly in Venezuela where United Kingdom-based firms are opening local offices and providing cost consultancy services.

In the field of land administration chartered surveyors have expanded their north American and Middle East activities and continue to provide services in other parts of the world including Europe. Several firms of chartered surveyors are established as expert advisers to British, Canadian and American insurance companies and pension funds currently seeking investments in North America. New offices have also been opened in the Middle East where chartered surveyors are being appointed to advise on property development and investment matters. The main centres of activity in Europe continue to be Belgium, France, the Federal Republic of Germany and the Netherlands where British chartered surveyors advise on the development, purchase, letting and sale of industrial and commercial properties.

Delegations from the Royal Institution of Chartered Surveyors have visited the World Bank, the United Nations and the Inter-American Development Bank to discuss the extent to which chartered surveyors can provide services for projects funded or executed by these agencies. The Royal Institution also took part in a promotional visit to the European Commission earlier this year. In South America the Royal Institution was represented at a symposium on the reduction of housing costs organised by the National Housing Bank of Brazil in March 1978; after the conference one of the British chartered surveyors present called on senior officials in 13 Brazilian state and federal agencies concerned with rural and urban development programmes.

Shorter Notes

NOBEL PRIZE FOR CHEMISTRY

A British scientist, Dr Peter Mitchell, has been awarded the 1978 Nobel Prize for Chemistry, bringing the number of British citizens who have won Nobel prizes for science to 61. Dr Mitchell was awarded the prize for his chemiosmotic theory which has contributed to the understanding of biological energy transfer. Since 1964 Dr Mitchell has been Director of Research at the Glynn Research Laboratories in Bodmin (Cornwall), while from 1955 to 1963 he was working in the Department of Zoology in Edinburgh University. Dr Mitchell first put forward

his theory, which explains the mechanisms by which energy is transformed in living cells, in 1961. He challenged the prevailing view that energy-releasing reactions, such as absorption of sunlight or the oxidation of chemicals, were coupled to the synthesis of adenosine triphosphate (ATP, a high energy molecule) in a chemical way and suggested instead that the oxidation reaction set up an electrical gradient across a membrane and that this gradient drove the production of ATP. His theory is now widely accepted in bioenergetics, the study of energy changes produced in living organisms. Dr Mitchell received the CIBA Medal and Prize from the Biochemical Society in 1973 for outstanding research and he has also received a number of other awards and prizes from overseas.

DOCUMENTATION

Government and Administration

Proposals for Replacing Section 11 of the Local Government Act 1966: A Consultative Document. Outlines the Government's proposals for a new form of grant-aid to provide greater help to local authorities in meeting the special needs of ethnic minority communities in their areas. Subject to the outcome of consultations it is proposed to introduce the necessary legislation during the present session of Parliament. Unpriced, obtainable from the Home Office.

External Affairs and Defence

Developments in the European Communities January-June 1978. Cmnd 7361. HMSO, 70p. ISBN 0 10 173610 X.

Commonwealth Development Corporation. COI, SN6047.

Agreement extending the Interim Agreement between the European Economic Community and ... Tunisia. Cmnd 7360. HMSO, 25p. ISBN 0 10 173600 2.

Economic and Scientific Affairs

Trends in Invisibles in 1977 and the first half of 1978 Britain had a surplus of £628 million on invisible transactions in the first half of 1978. This was less than the average level in 1977, when it was £1,998 million for the full year. *Trade and Industry,* 6.10.78.

Iron and Steel. COI, FSI/20.

Offshore Equipment and Services. COI, FSI/42.

Advisory Council on Energy Conservation: Report to the Secretary of State for Energy. Energy Paper Number 31. Department of Energy. HMSO, £1·75. ISBN 0 11 410653 3.

North Sea Oil Information Sheet, Summer 1978. Available from the Scottish Economic Planning Department, Room 5/03, Scottish Office, New St Andrew's House, Edinburgh EH1 3TB.

Northern Ireland Electricity Service. Annual reports and accounts for the year to 31 March 1978. Available from the NIES, PO Box 2, Danesfort, 120 Malone Road, Belfast BT9 5HT.

National Water Council, Annual Report and Accounts 1977-78. The report says that a greater proportion of the population in England and Wales is connected to public water services than in any other country in the world. Available from the National Water Council, 1 Queen Anne's Gate, London SW1H 9BT. £1·50. ISBN 0 904561 46 1.

British Standards Institution. Annual Report for 1977 to 1978. Available from the British Standards Institution, 2 Park Street, London W1A 2BS. ISSN 0 524 675 X.

Going Metric: Progress in 1977-78. Report of the Metrication Board for the period January 1977 to June 1978. HMSO, £1·25. ISBN 0 11 700886 9.

Environmental Planning in Britain. COI, R6037/78.

Social and Cultural Affairs

Agreement amending the Annex to the Statute of the European School laying down the Regulations for the European Baccalaureate. Cmnd 7363. HMSO, 30p. ISBN 0 10 173630 4.

Nursery Education in Converted Space. Describes the conversion of surplus space in four primary schools for use as nursery units. HMSO, £2·50. ISBN 0 11 270460 3.

Criminal Justice in Britain. COI, R5984/78.

Vandalism: A Report by the Central Policy Review Staff. The report sets out a number of practical measures which have had some success in combating vandalism, and recommends that a dossier of these measures be prepared for use by local authorities and other agencies concerned. HMSO, £1·75. ISBN 0 11 630806 0.

INDEX

INDEX

July—November 1978

Aerospace industry, 298, 329
Anglo-Brunei treaty, agreement on, 292
Anglo-Iraqi relations, 292
Anglo-Romanian relations: President's visit, 256
Anglo-Soviet relations: statements by Dr Owen, 289
Arab-Israeli relations, 352

Balance of payments 1977: revised figures, 361
Banking and credit unions Bills, 326
Belize, 341
Bonn economic summit, 294
Britain's overseas representation, 319
Britain's trade within the European Community in 1977, 260
British construction overseas, 404
British foreign policy: Commons debate, 253
Broadcasting White Paper, 308
By-elections and state of the parties, 382

Caribbean development facility, 303
Chrysler United Kingdom, 332, 366
Civil aviation, 329
Commons procedure and committees, reform of, 339
Commonwealth Finance Ministers' meeting, 356
Company law reform, 332
Co-operative Development Agency, 304
Counter-inflation policy, 296, 396

Debt relief to poorest countries, 304
Devolution
  legislation, 319
  referendums, 383
Disarmament
  Britain's views, 384
  United Nations Special Session on: White Paper, 286
Dominica, 279, 393

Economy
  counter-inflation policy, 296, 396
  debate on the Queen's Speech, 394
Education, developments in, 369
Energy conservation, 265
European Airbus, 404
European Community, 246, 260, 281, 344, 387
European Defence collaboration, 292
European satellite launched, 265, 305
Export performance, 331

Finance Act 1978, 326

Gambling, report of Royal Commission on, 311
Government changes, 383

Immigration and race relations, 306
Industrial awards, 362
Industry and education, 264
Inner city policy, 372
International Monetary Fund, 397
Invisible trade, 362
Irish Sea herring fishery, 332
Italian President, new 293

Legislation, recent, 276

Mental Health Act 1959, review, 368
Micro-electronics, 262
  support programme, 304
Middle East: Arab-Israeli relations, 352

Namibia, 290, 350, 391
National income and expenditure, 358
Nationalised energy industries: annual reports, 328
National Ports Council, 305
Nobel Prize for Chemistry, 407
Non-nuclear states, assurance to, 258
North Atlantic Treaty Organisation, 248
Northern Ireland, 239

Official Secrets Act: reform of Section 2, 278
Offshore oil and gas, 299
  and the British economy, 402
  oil production achievement, 265

Parliament, 275
  prorogation and opening, 379
Post Office, The, 301
Prevention of terrorism legislation, review of, 323

Research and development requirements and programmes, 331
Rhodesia, 346, 389
Road accident statistics, 264

St Lucia constitutional conference, 324
St Vincent constitutional conference, 340
Sheffield and South Yorkshire Navigation improvement scheme, 367
Shorter Notes, 258, 264, 292, 303, 311, 331, 341, 367, 393, 407
Social trends, recent, 266
Solomon Islands independence, 258
Southern Africa, 346, 389
Steel industry, 298

Trade Pledge, 303
Tuvalu, 341

United Kingdom Atomic Energy Authority, 367
United Nations General Assembly: speech by Dr Owen, 342
United Nations Special Session on Disarmament: White Paper, 286

World Bank group, 400

Zambia, British support for, 391

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